

**State of California
2007/2008
Annual Plan Update**

**ARNOLD SCHWARZENEGGER,
GOVERNOR**



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State of California 2007/2008 Annual Plan Update

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EXECUTIVE SUMMARY

The 2007/2008 Annual Plan is the third of five annual plans to update the State of California's 2005-2010 Consolidated Plan addressing the State's housing and community development needs. The Consolidated Plan is the State's overall vision for community development using funds from the U.S. Department of Housing and Urban Development (HUD) and other sources.

The Consolidated Plan/Annual Plan Update is a requirement of the State as a prerequisite of receipt of the State's allocation of HUD funds for the following programs:

- Community Development Block Grant (CDBG)
- Federal Emergency Shelter Grant (ESG)
- HOME Investment Partnership (HOME)
- Housing Opportunities for Persons Living with AIDS (HOPWA)
- Lead-Based Paint Hazard Control Program (LHCP)

The CDBG, HOME and ESG Programs are administered by the Department of Housing and Community Development (Department). The HOPWA Program is administered by the Department of Health Services (DHS) and LHCP is administered by the Department of Community Services and Development (CSD).

Objectives and Outcomes

The 2007/2008 Annual Plan Update:

- summarizes the State's priorities and strategies for the delivery of funds for housing, and addressing homelessness, community development, lead abatement and housing for persons with special needs;
- provides a platform of actions the State will initiate during the next year to further the goals and objectives of the Consolidated Plan;
- explains the State's method for distributing CDBG, HOME, ESG, HOPWA and LEAD program funds; and
- provides opportunity for public input on the development of the Annual Plan.

The State's 2005-2010 Consolidated Plan outlines four over-arching goals which are applicable to the Department's efforts to provide housing and community development needs through a variety of federal and State resources. These include:

- meeting the housing needs of low-income renter households, including providing homeownership opportunities for first-time homebuyers;
- meeting the housing needs of low-income homeowner households;
- meeting the housing and supportive housing needs of the homeless and other special needs groups, including prevention of homelessness; and
- mitigation of impediments to fair housing.

The State's progress in achieving the goals outlined above will be measured through specific objectives, outcome measures and indicators in accordance with the March 7, 2006 Performance Measurement final rule published by HUD. Information on the specific required indicators for each program are detailed in the program specific sections beginning on page 25.

Evaluation of Past Performance

During the FY 2005/2006 Program Year, the CDBG, HOME, ESG and HOPWA programs assisted a total of 41,200 households, homeless individuals and families with housing and supportive services. Of these 41,200, a total of 2,224 renter households and 640 owner households were assisted through the CDBG, HOME and HOPWA programs, 49 percent of which were at or below 30 percent of median household income. In addition, the FESG, HOPWA and CDBG programs assisted a total of 38,336 homeless individuals and families with emergency shelter, supportive services and/or homeless prevention assistance.

The CDBG Program's 2005 Community Development Block Grant General Allocation Notice of Funding Availability (NOFA) was funded with HUD's annual allocation to the State plus disencumbered funds from past year's grants and funds not committed under the Economic Development (ED) and Planning and Technical Assistance (PTA) allocations for the year. These resources added up to one of the largest funding allocations in the history of the State's program. The CDBG Program General Allocation funded a total of 190 activities totaling \$16.8 million during FY 2005/2006, funding activities in housing rehabilitation (29 percent), new construction and acquisition (14 percent), public works in support of housing (21 percent) and community facilities/public works (36 percent). The ED Enterprise Fund awarded funds to 18 applicants for a total of \$5.7 million from which 372 permanent, full-time jobs are to be created or retained. CDBG's Planning and Technical Assistance Allocation funded 64 General and 44 Economic Development applications totaling \$336 million to conduct a variety of studies, plans, environmental analyses, preparation of funding applications and preliminary engineering work.

The HOME Program awarded a total of \$85.3 million in HOME and American Dream Downpayment Initiative (ADDI) funds to 59 eligible applicants (27 of the 59 State HOME award recipients also received ADDI funds) to fund 76 activities to assist an estimated 1,315 households including first-time homebuyer programs (15 percent), first-time homebuyer new construction (10 percent), rental new construction (50 percent), rental rehabilitation (10 percent), owner-occupied rehabilitation (14 percent) and tenant based rental assistance programs (1percent).

The ESG Program funded a variety of projects during FY 2005/2006 including emergency shelters serving homeless individuals and families, battered woman and homeless youth as well as services to prevent homelessness such as eviction prevention, security deposits, housing counseling and legal representation. During the FY 2005/2006, the ESG Program provided assistance to an estimated 120,594

homeless individuals and 19,755 homeless families. A total of \$6.7 million was awarded to 48 units of local government and non-profit organizations for operation costs (56 percent), essential service activities, i.e., counseling and case management services (36 percent), homeless prevention services (2 percent), shelter staff administration costs (5 percent) and grant administration costs (1percent).

During FY 2005/2006, a total of 3,351 clients and family members were assisted through HOPWA funded activities which included emergency assistance, transitional assistance, independent living, supportive housing and other services. Approximately 43 percent of HOPWA funds were for the prevention of homelessness among persons living with HIV/AIDS and their families through the use of short-term rent, mortgage and utility assistance payments. In addition, HOPWA sponsors in the 42 eligible counties provided permanent supportive housing placement assistance in the form of security deposits, housing information services and hotel/motel vouchers to persons who were homeless or at risk of becoming homeless. Supportive housing placement assistance activities accounted for approximately 16 percent of HOPWA funds in FY 2005/2006.

Public Participation Process

The Department has the lead role in preparing the Consolidated Plan and its Annual Plan updates for the State of California. The Department solicits input from public, private, and nonprofit organizations, and other State agencies to prepare the Annual Plan in accordance with the Citizen Participation Plan of the Consolidated Plan (see Citizen Participation Plan in the State's 2005-2010 Consolidated Plan, pages 85-90).

Consultation and citizen participation are both essential components of a statewide planning effort. The Citizen Participation Plan, as incorporated in the Consolidated Plan, sets the policy for involving citizens in the decision-making, review and comment process for the Annual Plan update. To encourage additional public input in the preparation of the Annual Plan, public notices containing a description of the Annual Plan Update and related amendments, inviting comments, and announcing public hearings were mailed directly to local governments and depository libraries, and placed on the Department's website. Notices were also published in newspapers to notify the public of the Annual Plan development process, timelines and participation options. The Department also consulted with other State Agencies to explore ways in which to improve facilitation of program coordination and the effects of the consol planning process on the consumers and clients of the other agencies. A listing of State Departments and Agencies consulted is available in the 2005-2010 Consolidated Plan, pages 5-6.

The Annual Plan was available for comment from all interested parties for a 30-day period, April 1–April 30, 2007. Three public hearings were held in Redding (4/11), Sacramento (4/18) and Visalia (4/22) to allow the public to respond, comment

or ask questions in a public forum. To provide greater access to individuals with non-English background, the Department provided the public notice in Spanish. If requested, interpreters were available in other languages and such requests should be directed to the Department at the number listed in the public notices (see Appendix G).

Copies of the Annual Plan 2007/2008, and the 2005-2010 Consolidated Plan were available for review at the Department's Housing Resource Center and copies of the Public Notice were mailed to CDBG, HOME, ESG, HOPWA and LEAD program contactors and interested parties. Both publications were also available on the Department's website <http://www.hcd.ca.gov/hpd/hrc/rep/fed/> and public depository libraries as identified in the notice (see Appendix G) throughout the public comment period.

The Department considered all comments received from citizens and local governments. A summary of all comments and the State's responses (see Appendix F).

AMENDMENTS TO THE 2005-2010 CONSOLIDATED PLAN

Strategies and Outcome Measures (Consolidated Plan, Page 25)

In accordance with the Final Rule (FR-4970-N-02) published by HUD on March 7, 2006 on the Outcome Performance Measurement System for community planning and development formula grant programs, the State began collecting information on the activities and indicators as outlined in the Consolidated Plan (pages 25-29) during FY 2006/2007. Reporting on indicators for eligible grantee activities will be included in the FY 2006/2007 Consolidated Annual Performance and Evaluation Report. Additional information is available in the individual program narratives beginning on page 25 of this document.

Citizen Participation Plan (Consolidated Plan, Page 87)

As it pertains to "Citizen Participation Requirements for Local Governments Receiving CDBG (Section 91.115(e))" beginning on page 87 of 90 of the State's 2005-2010 Consolidated Plan, add a new section (4) in order to further the goals of the New Freedom Initiative, as follows:

- (4) In accordance with CPD Notice CPD-05-03, issued by the U.S. Department of Housing and Urban Development (HUD), Community Planning and Development, on June 6, 2005, regarding the New Freedom Initiative, local governments participating in the CDBG Program are encouraged to expand their outreach efforts to persons with disabilities. This expansion is intended to ensure that persons with disabilities are aware of the support that may be available to them through CDBG-assisted programs in the jurisdictions in which

they reside. The State recommends that local government applicants and grantees of the State CDBG Program notify and partner with local disability advocacy groups, Independent Living Centers (ILCs), and persons with disabilities to identify the needs of persons with disabilities and to determine how best to address the identified needs. The New Freedom Initiative is intended to remove the barriers to community living that are present in the lives of persons with disabilities.

Response to 2007 Citrus Freeze (CDBG & Home Program Sections)

In response to the 2007 citrus freeze in California, the Department's CDBG Programs has adopted emergency regulations. The emergency regulatory action permits the State CDBG Program, in specified circumstances, to release a Notice of Funding Availability (NOFA) focused on certain geographic areas and specific activities for a Disaster identified by the Governor. This will allow the CDBG program to respond in a timely manner to emergency situations where CDBG funds are available and appropriate for use. The Notice of Funding Availability and Application have been released and the Department is accepting applications on an OTC basis.

The application is available on the Department's website at http://www.hcd.ca.gov/fa/cdbg/funds/freeze/Freeze_Disaster_Application.pdf

In addition, the HOME Program has amended its 2006/2007 Annual Plan Update to allow State HOME recipients that have approved HOME Tenant Based Rental Assistance (TBRA) Guidelines, and that meet the National Environmental Policy Act requirements for TBRA as specified in federal regulations (24 CFR Part 58) to establish a preference for use of HOME TBRA funds to serve victims of local, state, or federally declared disasters. This amendment is being proposed to enable local jurisdictions to target TBRA funds to disaster victims, such as victims of the recent California Freeze Disaster. Additional information is available in the program specific sections beginning on page 25.

Special Needs Services and Facilities (Consolidated Plan, Page 16)

Based upon public comment received from the California Health and Human Services Agency Department of Developmental Services (DDS), a new section will be added to address the housing needs of individuals with developmental disabilities as follows:

- Affordable and accessible housing is a cornerstone to individuals with developmental disabilities residing in their local communities. The term developmental disability refers to severe and chronic disability attributable to a mental or physical impairment, such as mental retardation, cerebral palsy, epilepsy, or autism that begins before individuals reach adulthood (Welfare and Institutions Code, Section 4512). The DDS is the State agency responsible for assisting over 210,000 children and adults with developmental disabilities.

DDS contracts with 12 nonprofit regional centers throughout California to coordinate and provide ongoing services and supports in such areas as independent living, personal care, mobility, behavior and socialization (please visit www.dds.ca.gov for more information).

To live in the least restrictive community settings, many individuals with developmental disabilities require deeply subsidized housing. However, as increasing numbers of individuals choose to live in the community, or move from large institutional settings, there exists a shortage of affordable and accessible housing to meet the needs of these individuals. As a result, individuals who might otherwise live independently in the community are often forced to live in more restrictive community care facilities and smaller institutional settings.

As one of its highest priorities, DDS actively pursues projects that will increase the capacity and construction of affordable and accessible housing in the least restrictive community settings. DDS is currently working with regional centers, nonprofit housing corporations, developers, and funding agencies to develop specialized housing in the Bay Area for up to 300 individuals moving into the community as a result of the plan to close Agnews Development Center in San Jose. It is anticipated that this unique approach could be a model for acquiring future permanent housing stock for the benefit of individuals with developmental disabilities. In addition, DDS collaborates with the Department of Housing and Community Development, via an Interagency Agreement, to monitor and provide technical assistance to 14 DDS rental housing projects.

All other information in the 2005-2010 Consolidated Plan remains unchanged. A copy of the complete Consolidated Plan is available on the Department's website <http://www.hcd.ca.gov/hpd/hrc/rep/fed/conplan05-10final.pdf>.

Annual Plan Update FY 2007/2008

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Distribution of Federal Resources and Housing Goals for FY 2007/2008

The FY 2007/2008 Annual Plan is the third of five annual plan updates to the State of California's 2005- 2010 Consolidated Plan. The FY 2007/2008 Annual Plan sets the State's priorities and strategies for the delivery of funds and explains the State's method of distribution of CDBG, HOME, FESG, HOPWA and LEAD program funds.

The Department anticipates receiving a total of \$110,810,059 in federal funds for FY 2007/2008 for the programs listed below. As in previous years, CBDG and HOME have previously committed to grantees portions of their 2007/2008 allocation during the 2005/2006 and 2006/2007 fiscal years.

Community Development Block Grant (CDBG)	\$41,503,552
Home Investment Partnership Program (HOME)	\$56,590,042
American Dream Downpayment Initiative (ADDI)	\$925,578
Federal Emergency Shelter Grant (FESG)	\$6,864,887
Housing Opportunities for Persons with AIDS (HOPWA)	\$2,926,000
Lead Based Paint Hazard Control Program (LHCP)	\$6,000,000*
TOTAL	\$114,810,059

* Department of Community Services Development received an additional 36-month \$3 million Lead Hazard Control Grant from HUD under Round XIII. Currently, CSD is administering Round XI and XIII for a total of \$6 million in total funding available.

The amount of funds available for the CDBG program as allocated by HUD for FY 2007/2008 are less than the amounts received in FY 2006/2007 due to budget reductions at the federal level.

Other Resources Available

In addition to funds available through the HUD programs outlined above, several State funding sources are commonly used in combination with these federal funds.

Low-income housing tax credits, for both federal and State credits, are administered competitively on a statewide basis by the State Treasurer's Office. The Tax Credit Allocation Committee (TCAC) has available approximately \$730 million (to be claimed over ten years) in federal tax credits for FY 2007/2008 along with \$80 million in State credits.

With the passage of Proposition 46, the Housing and Emergency Shelter Trust Fund Act of 2002, \$2.1 billion was allocated to the Department and the California Housing Finance Agency (CalHFA) to administer existing and new programs. The Department administers more than 20 programs awarding loans and grants to hundreds of local public agencies, private for- and non-profit housing developers and service providers every year to

support construction, acquisition, rehabilitation and preservation of affordable rental and ownership housing, child care facilities, homeless shelters, transitional housing, infrastructure and the development of jobs for low-income workers.

As of July 1, 2006, the Department and the CalHFA will have awarded over \$1.6 billion in Proposition 46 funds to eligible cities, counties and for-profit and non-profit organizations. These funds will create, incentivize, or reward more than 104,898 rental and owner occupied homes and shelter spaces. These programs, along with remaining funds available and current NOFA dates by program are detailed in Appendix E.

In addition, during 2005-06, the Legislature and the Governor developed and approved legislation to place Proposition 1C on the November 2006 statewide ballot, thereby extending the nation's largest state-funded affordable housing assistance effort. The State's voters approved the measure by a substantial margin, authorizing \$2.85 billion in State General Obligations bonds to continue several important housing assistance programs, and to begin new programs to improve infrastructure to support housing. The Proposition 1C Funds are allocated as follows:

- \$1.15 billion will continue to fund existing affordable housing finance programs in the Department, of which \$345 million will be for the Multifamily Housing Program (MHP), \$300 million for the CalHome program, \$195 million for the Multifamily Supportive Housing Program (MHP-SH), \$135 million for the Joe Serna, Jr. Farmworker Housing Grant Program (Serna), \$125 million for Building Equity and Growth in Neighborhoods (BEGIN), and \$50 million for the Emergency Housing and Assistance Program Capital Development component (EHAP-CD).
- \$350 million will fund two new programs to be operated by the Department, including \$300 million for a new Transit-Oriented Development Implementation Program, to help cities and counties develop higher-density housing near transit stations and \$50 million for housing for homeless youth, to be administered through the Multifamily Supportive Housing Program (MHP-SH).
- CalHFA has been allocated an additional \$200 million, including \$100 million to continue operating the Homebuyer's Downpayment Assistance Program and \$100 million for the Residential Development Loan Program.
- An additional \$1.15 billion will fund three new programs that were authorized but not fully specified by Proposition 1C and which will be further defined by the Legislature. The new programs include \$850 million for a new Regional Planning, Housing and Infill Incentive Account, a program to support infill housing in developed areas, by financing parks, infrastructure, transportation improvements, traffic mitigation and Brownfield site cleanup; \$200 million for a new Housing Urban-Suburban-and-Rural Parks Program to make housing-related park grants, and \$100 million for a new Affordable Housing Innovation Fund, for pilot programs to demonstrate innovative, cost-saving approaches to creating or preserving affordable housing. These programs are proposed to be administered by the Department, subject to specific criteria for eligibility and fund use that will be established by the Legislature.

Priority Housing Needs

The State of California has several priorities that will be integrated through its housing and community development efforts during FY 2007/2008. These priorities have been developed through the analysis of housing needs and market analysis included in the State's 2005-2010 Consolidated Plan. These priorities and objectives are outlined in the following specific program narratives and will be updated as needed through Annual Plan Updates.

The State has identified all categories of households and housing assistance categories in the priority needs table below as high priority. The HUD definition of "high priority" for the purpose of completing the priority needs chart is that activities to address this need will be funded during the five-year period covered by the State's 2005-2010 Consolidated Plan. All of these categories detailed below are of high priority in some eligible jurisdictions statewide, and are all expected to be funded.

As is indicated in the identification of housing problems (2005-2010 Consolidated Plan, pages 7-12), renters represent a higher need group than owners in both total numbers and the percentage of households experiencing housing problems. Renters have median incomes just over half as high as owners; are predominantly low-income, and represent a majority of low-income households. Similarly, renters have much higher rates of overcrowding, more frequently have high cost burdens, and higher percentages live in substandard housing than owner households. Clearly, in setting priorities for housing assistance efforts, there is a priority need to address the housing problems of renters.

The following table presents an estimate of the number of households to be assisted with CDBG, HOME, ESG, HOPWA and LEAD funds in FY 2007/2008 including any nonfederal funds used in conjunction with federal funds. These figures are estimates based on past experience and are subject to significant variation based on the activities proposed by eligible applicants. Therefore, the actual numbers of households assisted in the various categories will be determined by the actual accomplishments reported by grantees. This number will be affected by the content of the applications received and the rating assigned using the applicable regulations and rating procedures as outlined for each individual program as well as local market conditions. The goal estimates below are not used in the rating process.

2007/2008 Priority Housing Needs (Households)					
		Priority Need Level		Goals	
Renter	Small Related	0-30%	High	209	
		31-50%	High	198	
		51-80%	High	129	
	Large Related	0-30%	High	8	
		31-50%	High	8	
		51-80%	High	10	
	Elderly	0-30%	High	7	
		31-50%	High	9	
		51-80%	High	11	
	All Other	0-30%	High	16	
		31-50%	High	49	
		51-80%	High	31	
TOTAL Renters			685		
Owner		0-30%	High	130	
		31-50%	High	357	
		51-80%	High	507	
		TOTAL Owners			994
Homeless (Individuals & Families)			High	39,156	
Non-Homeless Special Needs Populations *		0-80%	High	2,225	
TOTAL Goals					41,380
TOTAL 215 Goals**					950

* persons living with HIV/AIDS

** HOME funded projects must meet the Section 215 qualification as affordable housing for both rental and ownership units.

The wide variety of housing, community development and supportive service needs among the approximately 222 eligible HOME, CDBG and ESG jurisdictions plus eligible non-profit entities results in substantial variation in allowable activities from year to year. The State programs award funds on a competitive basis using a variety of criteria including, but not limited to applicant capacity and locally identified needs. Consequently, annual goals by activity type cannot be reliably estimated.

This process allows local grantees to determine which of the allowable activities under each program will best address their local needs. Applications received are evaluated based on the needs of the local jurisdiction, proposed use of funds and the applicable regulations and rating factors for each specific program (refer to pages 18 – Geographic Distribution and Rating Criteria and program specific sections beginning on page 22 for additional information).

Anticipated NOFA/Application Timelines

The table below summarizes the anticipated timing of Allocation funds and the application process for each of the four block grant programs for FY 2007/2008.

2007/2008 Anticipated Schedule of Allocation of Funds Application Process				
NOFA	Workshops	Application Deadline(s)	Awards	Contracts
CDBG				
General Allocation				
8/2007	9/2007	11/2007	2/2008	4/2008
Native American/Colonias Allocation				
2/23/2007	2/16/2007 3/12/2007 3/16/2007	5/10/2007	6/28/2007	8/2007
ED Enterprise Fund				
11/2007	TBD	1/2008	4/2008	6/2008
ED Over-the-Counter				
8/2007	TBD	3/2008		5/2008
Planning and Technical Assistance				
4/2008	TBD	10/2008	11/2008	1/2009
ESG				
3/5/2007	3/14 & 3/20/2007	4/30/2007	9/1/2007	10/1/ 2007
HOME and ADDI				
6/1/2007	6/2007	8/15/2007	12/2007 ¹	1/2008 (programs) 2/2008 (projects)
HOPWA				
4/2007	N/A	5/15/2007	6/15/2007	7/1/2007

¹ Before award announcement, HOME projects must be approved by the Department's Loan & Grant Committee

Geographic Distribution and Rating Criteria

Changes in eligible jurisdictions may occur annually if jurisdictions join or withdraw from a CDBG Urban County Agreement or HOME Consortium within a county and therefore the listing of eligible jurisdictions by program is updated annually. A listing of current eligible jurisdictions for all programs is included as Appendix A.

Aside from the ESG Program which allocates 33 percent of total available funds to urban counties in Northern California and 24 percent of funds to urban counties in Southern California, the State does not set priorities for allocation of available funds based on geographic areas of the State.

Programs do, however, provide additional rating points or have established set-asides for grantees that meet specified State objectives including but not limited to rural communities, low-income areas and targeted populations. For example, the ESG Program allocates 19 percent of available funds for jurisdictions in non-urban/rural counties. The HOME Program also provides an additional 50 points during the rating and ranking process for applicants from rural areas.

In addition, HOME Program applicants from documented low-income areas are eligible for up to 450 points for level of community need based on Census factors such as poverty level, housing overpayment by low-income households and overcrowding.

Similarly, CDBG applicants can receive up to 100 points based on the percentage of the population within the designated activity area with incomes below the poverty level (see Appendix B for a listing of eligible CDBG and HOME counties by percentage of population in poverty). In addition, up to 300 points are available for applicants with proposed activities where at least 51 percent of the beneficiaries earn no more than 80 percent of the county's area median income. For FY 2006/2007, the CDBG Program included in its State Objectives proposals that facilitate the development, operation of provision of health services for migrant or permanent farmworker housing. Projects which meet this objective will receive additional points under the Program's rating and ranking process.

Areas of minority concentration, as seen in Appendix B, typically also have higher levels of poverty. These areas are typically eligible for ranking points allowable for rural and lower-income areas as stated above.

Performance Measurement

Required outcome indicators of the eligible activities as detailed in the specific program sections will be measured in three areas of overarching outcome categories:

1) insuring availability/accessibility, 2) creating affordability and 3) promoting sustainability.

For each activity, all grantees will be required to provide information on the following outcome indicators:

- number of persons, households, units assisted (actual unit of measurement is dependent on the program and eligible activity);
- income levels of persons or households by 30%, 50%, 60% or 80% of area median income;
- number of communities/neighborhoods assisted;
- race, ethnicity and disability of assisted persons; and
- amount of money leveraged per activity.

Additional output indicators will be required by each specific program, dependent on the type of activity funded. Please refer to specific program sections for additional information.

Homeless and Other Special Needs Activities
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An important part of promoting suitable living conditions for those with special needs is the provision of appropriate supportive services. As described in the State's 2005-2010 Consolidated Plan (pages 12-19), California has an extensive ongoing system of social service organizations that provide institutional care, client-based community or residential services and housing-based supportive services including significant mainstream programs and services to prevent homelessness. The Department's Emergency Housing Assistance Program (EHAP), funded through the passage of Proposition 46 and Proposition 1C, is the State's leading source of funds for homeless assistance services for direct client housing, facility operations and administration, residential rent assistance, leasing or renting rooms for provision of temporary shelter, and capital development activities. To date, the EHAP Program has provided more than \$180 million to local governments and non-profit organizations to create an additional 10,433 shelter spaces.

Additionally, the State provides funding for homeless services under various programs including, for example, public education, workforce development, temporary assistance to needy families (TANF), supplemental security income (SSI), veteran services, unemployment compensation, workers compensation, foster care and affordable rental housing. Some programs, such as TANF Homeless Assistance Program and the Department's EHAP Program provide assistance to those at imminent risk of becoming homeless. The Department continues to assist homeless persons by funding activities of service and housing providers to promote self-sufficiency and provide transitional and permanent housing and through its collaborative efforts with other State agencies and departments.

In addition, the State also receives formula grants under the McKinney Projects for Assistance in Transition from Homelessness (PATH) Program which is administered by the Department of Mental Health (DMH) and provides funding for housing and supportive

services in residential settings. The Department continues to work with DMH to develop policy and program guidelines that promote collaborative efforts in the area of supportive housing, including participation on the Supportive Services Council and Mental Health Planning Council.

The Department and DMH jointly manage the California Statewide Supportive Housing Initiative Act (SHIA), created in 1998 to develop affordable housing linked to accessible mental health, substance addiction, employment training and other support services. The intent of this initiative is to provide the incentives and leverage for local governments, the nonprofit sector and the private sector to invest resources that expand and strengthen supportive housing opportunities.

On August 31, 2005, Governor Schwarzenegger announced an initiative to end long-term homelessness in California by providing integrated permanent housing and services to the long-term homeless in partnership with local governments and the private sector by leveraging state funds for mental health services and housing available through Propositions 46 and 63. The Governor directed the Department, CalHFA, and DMH to develop an integrated joint funding package to finance permanent supportive housing for chronically homeless persons with severe mental illness. Residents of this housing will receive supportive services from county mental health departments, using Mental Health Services Act (MHSA) funds.

A NOFA for the Governor's Homeless Initiative was issued on November 15, 2005. It offered approximately \$40 million in permanent supportive housing development financing through the Department's Multifamily Housing Program (MHP), CalHFA construction, bridge and permanent financing, and approximately \$2 million in DMH state-share MHSA funds for rent subsidies.

Applications are accepted on an "over-the-counter" basis (continuous until available funding is exhausted), beginning in January 2006. To date, MHP has awarded funds to five applications. Including those five, the Department has received a total of nine applications requesting funds. If all are approved, the Department will have committed over 50% of the program funds by mid-2007.

The Department also participates in the Initiative's Inter-Agency Council on Homelessness comprised of public, private and non-profit entities committed to ending long-term homelessness, ensuring coordination of efforts, and maximizing the use of resources. This council brings together State and federal agencies and departments, local social service, health, law enforcement and other local agencies, local elected officials, non-governmental providers of services to the homeless, homeless advocates and the philanthropic community to build and operate housing that is accompanied by services for residents.

Other Actions

The Department has been meeting and will continue to meet on a quarterly basis with the California Department of Social Services (CDSS) Work Services Branch on common issues. Regular collaboration allows both departments to aggressively seek opportunities to coordinate efforts in meeting welfare reform objectives, including providing housing as a supportive service to eligible CalWorks recipients.

Additionally, these efforts promote program commonalities, maximize resources, integrate eligibility requirements where possible, share, “best practices” and promote collaboration efforts at the local level.

In addition, the Department will continue to participate in meetings with professional associations, including the Council of State Community Agencies, the California Rural Housing Coalition, the National Association of Housing and Redevelopment Officials, the Association of California Redevelopment Agencies, the California Association for Micro-Enterprise Opportunity, the California Association for Local Economic Development and a host of other organizations that have an interest in the State’s implementation of HUD funded Programs.

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Community Development Block Grant (CDBG)

The State of California CDBG Program is anticipated to receive \$41,503,552 from HUD for FY 2007/2008. The CDBG Program intends to make the allocated funds along with any disencumbered funds that become available to non-entitlement jurisdictions.

Program Goals & Objectives

- To develop universal owner-occupied housing rehabilitation program guidelines and checklist for users of the State's CDBG, HOME and CalHome programs;
- To implement a new component of the Economic Development (ED) Planning and Technical Assistance (PTA) program to allow the continuous submittal of planning grants to facilitate the preparation of ED applications and pre-applications for the Over-the-Counter Program;
- To evaluate the CDBG economic development programs and to implement changes to make them more business-friendly;
- In order to improve the State's CDBG expenditure rate, encourage the use of the lump-sum drawdown process for housing rehabilitation programs, primarily through awarding State Objective points to applicants that propose to use this process;
- To shorten the amount of time it takes the Department to issue multi-year contracts;
- To assist grantees in administering CDBG projects and programs designed to address significant community development needs that were locally-determined and reviewed by the Department;
- To encourage and assist communities to focus on and address housing, community facility, and public service activities; and
- To pursue economic development and commercial revitalization activities through public/private investment initiatives that will result in the creation, retention and expansion of job opportunities within the State.

Eligible Jurisdictions

Eligible jurisdictions include any federal non-entitlement general purpose units of local government (i.e., cities and counties including any which have opted out of the federal Urban County Program). California's State CDBG Program will have 167 eligible jurisdictions in FY 2007/2008.

Eligible jurisdictions include the unincorporated portions of some of the State's 58 counties and some of the State's 478 cities. The primary determining factor for whether a county or city is eligible is population. Counties with an unincorporated area population of fewer than 200,000 are eligible and cities with a population of under 50,000 are eligible if they are not receiving CDBG funds through an Urban County Agreement, or from HUD as a metropolitan city or entitlement jurisdiction. The eligible jurisdictions are concentrated in central and northern California. Eligible jurisdictions range in population from a city with fewer than 500 people to a county with an unincorporated area population

of over 173,000. Information on eligible jurisdictions including current population and population increases between 2000 and 2005 is included in Appendix K of the State's 2005-2010 Consolidated Plan. The General/Native American and Colonias program is not planning to undertake a significant marketing effort during program year 2007/2008 because few funds will be available to award/obligate due to having reserved most of the funds in prior years.

The ED Allocation is undergoing a marketing effort for its undersubscribed OTC Component, to include a series of "Art of the Deal" workshops throughout the State and visits to eligible jurisdictions. The CDBG Program also plans to increase communication with eligible jurisdictions and interested parties through its new CDBG Newsletter.

	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06
Total Eligible CDBG Jurisdictions	185	184	180	177	166
# Funded Jurisdictions	105	99	107	91	112
% Funded Jurisdictions	57%	54%	59%	52%	67%
# Applied but not funded	20	6	7	30	18
% Applied but not funded	11%	3%	4%	17%	11%
% of Applicants funded	84%	94%	94%	92%	*119%
# Did not apply	60	79	66	56	36
% Did not apply	32%	43%	37%	32%	21%

*This percentage is representative of the CDBG Program's implementation of the "Fast Forward Funding" concept in this award cycle.

Fund Allocation

The State of California's FY 2007/2008 CDBG allocation from HUD is \$41,503,552. This represents a four percent (\$1,533,469) reduction from the State's FY 2005/2006 allocation.

Administration: Consistent with 24 CFR 570.489, the State sets aside two percent of the annual allocation, plus \$100,000, plus two percent of reported program income from the most recent year reported for State administrative costs.

Technical Assistance: Under Title I, Section 106(d)(5), the State may allocate up to one percent of the annual CDBG award for technical assistance activities to local governments and nonprofit program recipients. The State will set aside one percent of the allocation for the State's provision of technical assistance.

Colonias: Section 916 of the National Affordable Housing Act of 1990, as amended, established an annual set-aside for activities benefiting the residents of Colonias. In accordance with direction from HUD, the State will set aside for Colonias the anticipated five percent of the allocation, equaling \$2,075,178 for FY 2007/2008.

Native American Activities: Under California State Health and Safety (H & S) Code Section 50831, the State annually sets aside one and a quarter percent of its CDBG award for grants on behalf of non-recognized tribes and rancherias. This amount will be \$518,794 for FY 2007/2008.

Economic Development (ED): Title 25 of the California Code of Regulations (CCR) Section 7062.1 requires the Department to set aside 30 percent of the annual federal CDBG award for ED activities. This amount will be \$11,867,534 for FY 2007/2008.

The economic development distribution method is as follows:

- Economic Development Planning and Technical Assistance (ED PTA): Health and Safety Code Section 50833(a), as amended effective January 1, 2006, states that the Department shall determine and announce in the NOFA the percentage of the ED set-aside that will be made available for PTA activities. This amount will be approximately \$1,600,000 for FY 2007/2008. The total for ED PTA represents 13 percent of the total ED Allocation, rather than the usual 10 percent.

The Department will make these dollars available through a continuous funding cycle. Funding decisions under this funding cycle are based on a first-come, first-served basis, applying eligibility threshold criteria.

- California Community Economic Enterprise Fund (Enterprise Fund): CCR Section 7062.1(d) stipulates that, based upon prior years' demand, the Department will determine what percentage of the ED funds will be set aside for Enterprise Fund applications. The Enterprise Fund monies are set aside for this competitive component, which reserves funds for grantees to make loans to businesses to create or retain jobs, fund infrastructure improvements needed to accommodate business expansion or retention projects, or to fund micro-enterprise assistance activities that will foster the development of micro-enterprises. Projects for which \$250,000 or more of CDBG funds are requested must be reviewed by the CDBG ED Loan Advisory Committee. CDBG reserves the option to take projects that are under but near this threshold to the ED Loan Advisory Committee. The amount that will be allocated to this component will be 36 percent of the ED balance (after subtracting PTA funding), equaling \$4,267,543 for FY 2007/2008.

- "Over-the-Counter" (OTC) ED Component: H & S Code Section 50834 requires that a separate training manual and NOFA be issued for this component, which funds "ready-to-go" business expansion or retention projects. In 2007/2008, the Department will allocate the remaining 60 percent of the ED balance for this component, equaling \$6,000,000. The Department will entertain applications on an ongoing basis, and make funding decisions as submitted applications are finalized and reviewed.

The General Allocation: This component receives those funds remaining after the mandated set-asides described above are satisfied, equaling \$24,681,903 for FY 2007/2008. The general allocation contains two funding mechanisms:

- General" PTA: H & S Code Section 50833(b), as amended effective January 1, 2006, states the Department shall determine and announce in the NOFA the percentage of the general CDBG allocation to be set aside for general planning and technical assistance (PTA) grants. This amount will be \$1,254,095 for FY 2007/2008. This amount represents 5 percent of the general allocation rather than the usual 10 percent. Like the ED PTA single-funding cycle component above, the Department will make these dollars available through a single-funding cycle this year, as announced in the annual NOFA. Funding decisions are based on a first-come, first served basis, applying eligibility threshold criteria. The percentage decrease is to allow an increase in the amount of PTA funds that may be used for ED PTA grants. General PTA has been undersubscribed for many years while ED PTA has been oversubscribed.
- Annual General PTA Component: This component forms the mechanism through which a broad variety of CDBG-eligible activities are funded. Through a once-yearly process, applications are received for housing rehabilitation, housing new construction, housing acquisition, community facilities, public services, and public works activities. This component is funded with the remaining 95 percent of the general allocation, which is \$23,447,808.

Program Income

During FY 2007/2008, the State anticipates CDBG-eligible jurisdictions will likely collect program income in the approximate amount of \$20,000,000. All but a small fraction of these funds will be expended locally in accordance with locally adopted Reuse Plans that have been approved by the State. The remaining funds will be returned to the State for reassignment to grant activities. Approximately 50 percent of each year's program income is anticipated to be expended through housing rehabilitation and business assistance revolving loan funds with the remainder being expended through revolving loan funds for other activities in conjunction with other State CDBG grant activities.

Emergency Regulations

The Department is seeking emergency regulations for the CDBG Program. This proposed action will adopt emergency regulations to permit the CDBG Program, in specified circumstances, to release a NOFA focused on certain geographic areas and specific activities for a Disaster identified by the Governor. This will allow the CDBG Program to respond in a timely manner to emergency situations where CDBG funds are available and appropriate for use. As of this writing, regulations are moving forward to respond to the emergency due to the 2007 Freeze in California.

Section 108 Loan Guarantees

The CCR, Section 7062.3 authorizes the Department to pledge future federal allocations, up to \$16 million at a time, of CDBG funds as collateral for federal guarantees of notes or other obligations issued by eligible jurisdictions under the Section 108 Loan Guarantee Program. To date, the Department has not issued any Section 108 loan guarantees and has no immediate plans to do so.

Float-Funded Activities

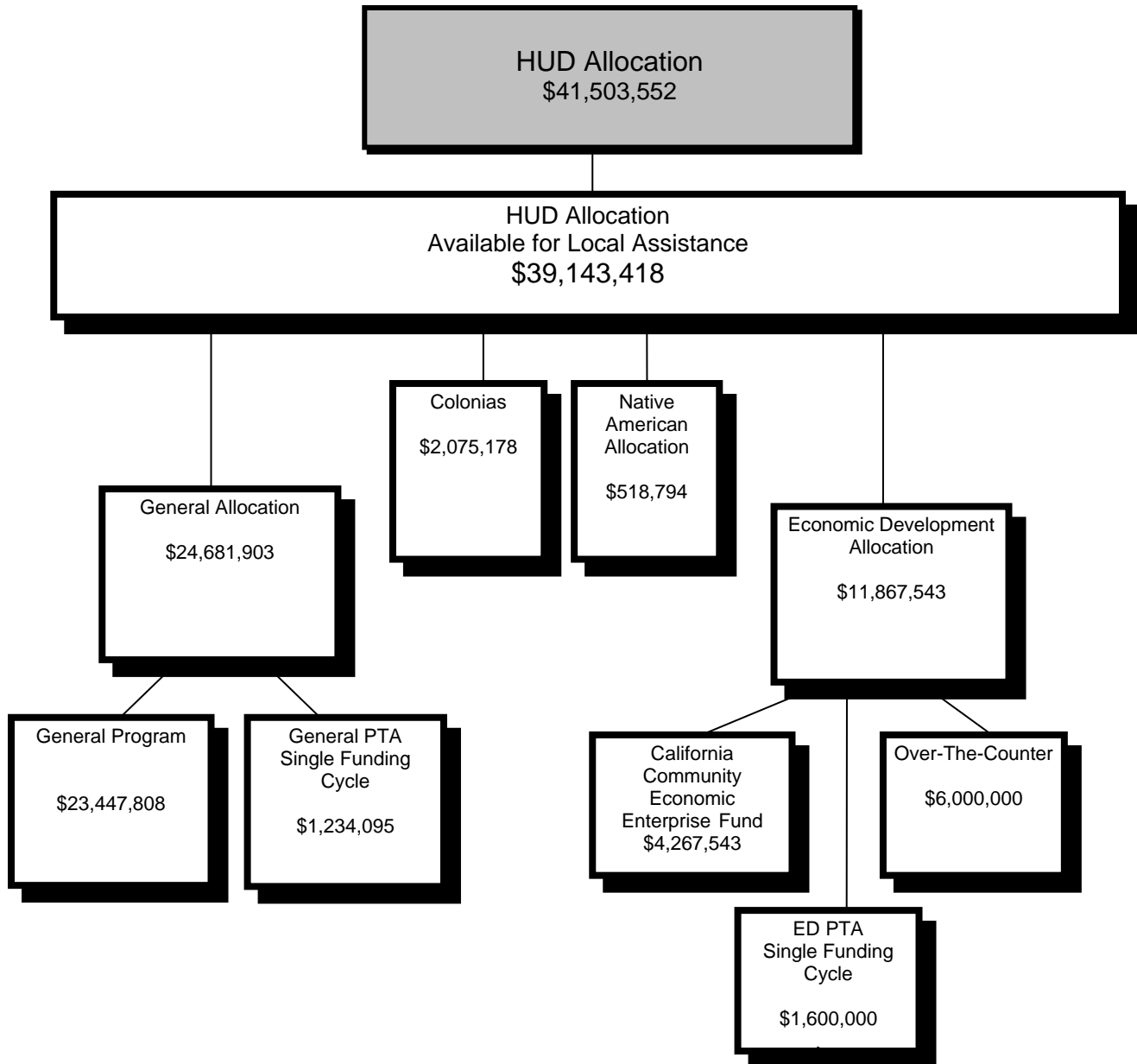
The State has never undertaken a float-funded activity and has no plans to do so in the near future.

Funding Procedures and Application Reviews

Funds will be distributed pursuant to the methods specified in Title 25 of the CCR, Sections 7056, 7060, 7064, 7072, 7078, and 7062.1, and according to provisions in the H&S Code, Sections 50832, 50833, and 50834. Due to changes made to H & S Code, Sections 8032 and 50833, effective January 1, 2006, the Department may now set maximum grant request limitations in each NOFA.

Under the above authority, the Department revised the maximum amount (formerly \$500,000) that an applicant may request to \$1 million under the General Allocation, \$2.5 million under the OTC Component of the ED Allocation and \$500,000 under the Enterprise Fund Component of the ED Allocation. Any new funding cap that is established in a NOFA may be waived under the ED Allocation if funding is available after September 1st of each program year. In addition, unless a waiver of the funding cap is approved, no single jurisdiction may receive more than the maximum amount established in a NOFA (formerly \$1,300,000) of total funding from the General and ED Allocations. In addition to the above funding caps, up to \$70,000 may be requested under each of the General and ED Allocations for PTA grants.

State of California
CDBG Program
FY 2007/2008 Allocation



Up to 7.5 percent of the funding available for non-PTA grants may be used by the grantee for grant administration expenses. The Department may authorize the use of additional funds, known as “activity delivery funds,” for eligible program implementation costs. Up to 5 percent of the funds available for PTA grants may be used for general administration expenses.

All applications must meet the threshold criteria contained in H&S Code Section 7056 in order to be funded. Non-PTA applications will then be further evaluated as follows:

- Enterprise Fund applications will be evaluated using the criteria described in CCR Section 7062.1(b). The principal evaluation criteria are local need for the program, local capacity to operate the program, commitment of other funding, and existence of a local ED plan.
- OTC applications will be evaluated as described in CCR Section 7062.1(c), consisting principally of unemployment rate, CDBG funds per job, other funding, past performance, and low administrative funding requested. If the application receives half of the available points under those criteria it is further evaluated for feasibility, capacity, terms, ownership, relocation of jobs, and opportunities for low-income job seekers.

General, Native American and Colonias applications will be evaluated according to the criteria contained in CCR Section 7078 and be ranked according to the total number of points received. The activities that provide relatively high percentages of benefit to low-income persons and address serious community development needs receive the most points. Other rating factors include community poverty rate, local capacity, past performance, other funding, and projects meeting one or more of the State objectives.

2006 State Objectives Under the General Allocation

- Infrastructure Proposals: projects that include public infrastructure in support of new housing or public works projects.
- Farmworker Housing/Health Services: proposals that facilitate the development and/or operation of migrant or permanent farmworker housing or facilitate the provision of health services in combination with farmworker housing.
- Capacity Building: applications from jurisdictions that previously applied for CDBG funding but fell below the funding cut-off.
- Lump-sum Drawdown: proposals that include housing rehabilitation using the lump-sum drawdown process.

The following State objectives were reviewed with the General Allocation Policy Advisory Committee on April 27, 2006 with the goal of establishing a set of State Objectives that will be used for the three years remaining in the 2005-2010 consolidated-planning period.

Antidisplacement and Relocation Assistance Plan

Please refer to Appendix L of the State’s 2005-2010 Consolidated Plan.

Monitoring

The CDBG Program will begin to use the risk assessment tool, a slightly modified International Finance Corporation Kaiser-developed tool, to measure risk associated with all non-planning General Allocation grants to determine which of these grants require on-site monitoring. The remaining low-risk General Allocation grants and all planning grants will receive desk monitoring. All non-planning ED Allocation grants will continue to receive on-site monitoring. On-site monitoring of the highest risk General Allocation grants and all ED Allocation grants, along with desk monitoring of the remaining grants and current tracking system for grantee reporting will ensure long-term compliance with requirements of the program, including the comprehensive planning requirements.

Performance Measurement

As of October 2006, the CDBG Program began incorporating HUD's new performance measurement system into its application and reporting forms as detailed in the final rule on performance measures published by HUD on March 7, 2006 (FR-4970-N-02).

Applicants will be required to choose one of the following reasons why it wishes to fund each activity in its application:

- improving availability or accessibility of units or services;
- improving affordability of housing or other services; or
- improving sustainability by promoting viable communities.

In order to answer this question, applicants should ask themselves: "*Why am I undertaking this activity?*"

Once funded, grantees will be required to collect data and report on pre-determined specific output indicators, based on the type of activity. Most of these output indicators have been used by CDBG in the past, but several are new. CDBG will begin collecting the new information on its revised report forms which will be included in the 2007 Grant Management Manual, scheduled for release in August 2007. The revised CDBG reporting forms will also incorporate a new HUD requirement for most housing activities, to collect household demographic information by the address of each beneficiary.

Home Investment Partnerships Program (HOME)

Funds Available

During FY 2007/2008, the State HOME Program is expected to receive an allocation of approximately \$56.5 million in HOME funds, (including approximately \$1.7 million in funds reallocated to the State from jurisdictions giving up their HOME formula allocation), and \$1 million in American Dream funds for a total of \$57.5 million. Of this amount, \$4.2 million will be reserved for State Administrative funds. In addition, the HOME Program anticipates making available an additional \$1 million in disencumbered funds for a minimum of approximately \$54,300,000 issued in the HOME NOFA.

2007/2008 Goals and Objectives

Goal 1: Meet the housing needs of low-income renter households.

HOME funds will continue to be used to support the development of rental housing for all types and sizes of low-income households.

Objectives:

1. Continue streamlining application requirements between HOME and the State's other rental housing programs through use of the State Universal Rental Application. Explore amendments to State HOME regulations which govern rental activities (see section on Regulation Changes).
2. Continue using State Objective Bonus Points to encourage lower rents than the standard Low and High HOME rents.

Goal 2: Meet the housing needs of low-income homeowners.

HOME funds can be used for both first-time homebuyer (FTHB) downpayment assistance programs and construction projects, as well as owner-occupied rehabilitation (OOR) programs. Except for administration, activity delivery, lead hazard reduction, and relocation costs, all direct homebuyer assistance must be made in the form of deferred payment loans. For more information, see Sections 8201 and 8205 of the State HOME regulations located at <http://www.hcd.ca.gov/fa/home/>.

Objectives:

1. Explore amendments to the State HOME regulations which govern FTHB and OOR activities (see section on Regulation Changes).
2. Research reasons for low homeownership rates among african americans, and develop a plan to address these issues.
3. Continue streamlining the State CDBG, HOME, and CalHome programs through the development of common model program guidelines and a guidelines review checklist for OOR.

4. Allow longer mortgage terms to make it easier for low-income FTHBs to qualify for a mortgage
5. Outreach to community land trusts to promote use of HOME funds for FTHB activities.
6. Require recipients of HOME funds for FTHB assistance to provide housing counseling to buyers so that they are better equipped for the responsibilities of owning a home.

Goal 3: Address the housing needs of homeless and other special needs groups, including the prevention of homelessness.

HOME funds can be used for acquisition, rehabilitation, or construction of permanent supportive housing for special needs populations, and transitional housing to provide temporary shelter to individuals and families who are currently homeless. HOME can also provide Tenant Based Rental Assistance (TBRA), including security deposit assistance, to help persons access and maintain housing.

Objectives:

1. Permit State recipients to establish preferences pursuant to federal and State HOME requirements for use of TBRA funds to serve victims of local, State, or federally declared disasters.
2. Assess how HOME funds can be used in projects developed under the State's Mental Health Services Act.
3. Continue waiving Uniform Multifamily Regulation requirements when a project is jointly funded with HOME and HUD Section 202 funds.
4. Continue offering larger HOME loans to projects where rents are affordable to the lowest income groups for the full 55-year affordability period.
5. Continue offering additional "deep targeting" funds to rental projects that provide deeper affordability.

Goal 4: Improve HOME's HUD SNAPShots rankings.

Objectives:

1. Explore making commitments using future years' allocations as a way to improve commitment and expenditure rates.
2. Explore setting up in IDIS earlier as a way to improve commitment rates.
3. Explore ways to fund projects to facilitate expeditious use of HOME funds.
4. Develop system to track monthly progress of projects, and provide additional technical assistance to slow-moving projects.
5. Consult with other large states regarding ways to improve performance.

Regulation Changes

The following proposed changes to the State HOME regulations were released for public comment on March 2, 2007. The 45-day public comment period ended April 16, 2007. The public notice, proposed regulations, and the Department's explanation for these changes were available on the Department's website beginning March 2, 2007.

- Homebuyer Loan Terms – Amendments permit FTHBs assisted with HOME funds to have first mortgage terms which exceed thirty years.
- Tenant-Based Rental Assistance – Amendments permit these funds to be used in all HOME-eligible jurisdictions in the county where the funds were awarded.
- Deep Targeting – Amendments put HOME's Deep Targeting Pilot Program into regulation.
- Allocation Method – Amendments clarify that homebuyer projects will be rated and ranked separately from rental projects and programs. A minimum annual allocation of 5 percent has been proposed for homebuyer projects, consistent with the average historical demand for these funds. No change has been proposed to the minimum 40 percent allocations for rental projects and programs. Amendments also permit OTC program funds to be awarded in equal amounts among all applicants requesting funds, rather than on a first-come first-served basis.
- State Objective Rating Points – Amendments increase the number of points that can be earned for meeting identified State Objective policy goals (from 50 to 150 points).
- OMB A-133 Audit – Amendments require applicants to submit evidence with the HOME application that they have complied with the submittal requirements of the OMB A-133 Single Audit Act.
- Homebuyer Education – Amendments require FTHBs assisted with HOME funds to receive basic homebuyer education.
- Application Requirements/Form - Amendments require submission of certain documents to evaluate project feasibility, including but not limited to a market study (or other market information for FTHB projects), appraisal, and Phase I/Phase II Environmental Site Assessments or lead, asbestos, and mold assessments. Basic standards for preparation of these reports are also set forth. FTHB projects must also submit project guidelines similar to that now submitted by FTHB programs.

- Performance Penalties – Currently, the HOME Program provides application rating points for the experience of the project developer, owner, and managing general partner. Amendments permit the Department to deduct rating points from a project application if the project developer, owner, or managing general partner has been the developer, owner, or managing general partner in HOME projects in the past five years that have missed project deadlines, such as obtaining all necessary permanent financing, project set-up, construction loan closing, project completion, and final expenditure of funds. Performance points will also be deducted for material misrepresentations of facts which jeopardize the Department's investment in the project, or put the Department at risk of a serious monitoring finding.
- Project Feasibility Factors - Amendments clarify that evaluation of rental project feasibility also includes an evaluation of compliance with State and federal HOME requirements. Amendments also set forth criteria for evaluating the feasibility of FTHB projects.
- Monthly Project Status Reports – Amendments require project applicants to complete monthly reports regarding the status of their project until project completion.
- Regulatory Agreements – Amendments require that the regulatory agreements for HOME rental projects reflect the actual rent levels approved by the Department at the time the project is funded (expressed as a percentage of Area Median Income).
- NOFA Activities - Amendments clarify that the NOFA shall specify all activities for which funds will be made available.

The following changes to the State HOME regulations are still under consideration, and may be formally proposed later in the year:

- Permit administration subcontractors for FTHB mortgage assistance programs to use funds to assist residents of FTHB self-help projects for which they are also the developer to provide additional mortgage assistance to these homebuyers if needed.
- Provide exception to current requirement that 100 percent of FTHB project funds rollover into mortgage assistance to address differing financial needs of households and the greater availability of sources besides HOME for mortgage assistance.
- Allow HOME funds to be provided in the form of a grant versus a loan for certain activities such as activities related to health and safety, and owner-occupied rehabilitation of mobilehomes.
- Provide that applicants may be deemed ineligible for certain egregious violations of program rules (CDBG has a similar regulation).

- Amend CHDO experience requirements to foster more applications in underserved jurisdictions.
- Enact minimum occupancy requirements for FTHB projects to limit underutilization of large units.
- Amend financial feasibility language to require program-activity applications to demonstrate financial feasibility.
- Remove certain data factors from the community need rating factor because the data is not available.
- Reduce the number of points for community need because of shortcomings in the community need data.
- Amend reporting requirements to streamline submission requirements for Program Income Statements.

Eligible Applicants

Eligible HOME applicants include:

- Cities and counties not located in HUD-designated Participating Jurisdictions (PJs);
- Cities not participating in an Urban County Agreement with their county PJ;
- Cities and counties not part of a HOME Consortium; and
- State-certified Community Housing Development Organizations (CDHOs) proposing eligible activities within the CHDO service area and HOME-eligible locality.

See Appendix A for a tentative list of the approximately 220 HOME-eligible cities and counties. In addition to those localities described above, cities tentatively eligible for the State's FY 2007/2008 allocation of American Dream funds also include the following:

Eligible American Dream Applicants Not Eligible for State HOME Funds				
Alhambra	Davis	Merced	Redding	Santa Monica
Baldwin Park	Downey	Montebello	Redwood City	South Gate
Bellflower	El Cajon	Monterey Park	Richmond	Sunnyvale
Berkeley	El Monte	Mountain View	Rosemead	Vallejo
Burbank	Escondido	National City	Salinas	Visalia
Chico	Fullerton	Norwalk	San Buenaventura	Westminster
Compton	Hawthorne	Orange	San Mateo	Whittier
Corona	Huntington Park	Palmdale	Santa Barbara	
Costa Mesa	Inglewood	Paramount City	Santa Clara	
Daly City	Lynwood	Pasadena	Santa Cruz	

Eligible Activities

Pursuant to federal and State HOME regulations, HOME funds can be used for:

- (1) new construction, acquisition, and/or rehabilitation activities;
- (2) FTHB downpayment assistance;
- (3) Tenant-Based Rental Assistance; and
- (4) certain administrative expenses

HOME funds may be used to assist Indian tribes consistent with applicable state and federal requirements.

These activities can occur within programs or projects. Programs are activities without identified sites at the time of the HOME application. Program funds are provided in the form of grants to eligible cities and counties who then provide low-interest deferred payment loans or grants to individuals for specified activities. Projects are activities with identified sites at the time of the HOME application. Project funds are provided to eligible cities and counties in the form of grants. The locality then provides these funds to affordable housing developers, primarily in the form of 3 percent deferred payment loans. The Department also provides project funds directly to CHDOs, primarily in the form of 3 percent deferred payment loans.

Eligible Program Activities

First-Time Homebuyer Program - Funds provided to a city, county or CHDO to administer a program to assist FTHBs. Eligible uses of these funds consist of 1) a city or county providing a loan to the homebuyer for acquisition and up to \$10,000 for rehabilitation of a dwelling that the homebuyer selects from the open market provided the work is done after transfer of ownership interest; and 2) a city, county or CHDO providing assistance for the construction of scattered site dwellings, with no more than four dwellings on each vacant site, and each site shall be in an existing built-out neighborhood. Such dwellings shall then be sold to FTHBs.

Owner-Occupied Rehabilitation Program - Funds provided to a city or county to administer a program to assist owners of homes that are in need of rehabilitation in order to comply with applicable health and safety or building codes.

Rental Rehabilitation and/or Acquisition Program - Funds provided to a city or county to administer a program to assist owners of multi-unit rental housing that is in need of rehabilitation or to assist in the purchase and rehabilitation of multi-unit rental housing that is in need of rehabilitation. No one property assisted through this program shall receive more than 40 percent of the activity amount. Funds for this activity may not be made available under the 2007 NOFA.

Tenant-Based Rental Assistance Program - Funds provided to a city or county to administer a program to provide rent subsidies to eligible households. Tenant leases cannot exceed 24 months, but can be renewed if additional TBRA funds are secured. In California, there are many market conditions that justify the use of HOME funds for TBRA, including tenant income compared to fair market rent and housing cost burden.

State Recipients may establish preferences pursuant to federal and State HOME requirements for use of HOME TBRA funds to serve victims of local, State, or federally declared disasters. Such preferences must be established in their HOME TBRA guidelines, and these guidelines must be approved by the Department. Before using HOME TBRA funds, the applicable TBRA requirements at 24 CFR Part 58 must also be met.

As noted earlier, proposed amendments to the State HOME regulations expand the potential use of TBRA funds by permitting them to be used in all HOME-eligible jurisdictions in the county where the funds were awarded, not just in the particular local jurisdiction to which the funds were awarded.

Eligible Project Activities

First-time Homebuyer Project - Funds used to develop a specified number of units to be sold to first-time homebuyers. By the conclusion of construction, the entire HOME investment shall be converted to mortgage assistance for the FTHBs.

Rental New Construction Project – Funds provided to develop a specific multifamily project on a specific site by a specific developer.

Rental Rehabilitation and/or Acquisition Project – Funds provided to acquire a specific rental housing project, to rehabilitate a specific project without any transfer of ownership, or to both acquire and rehabilitate a specific project. Funds for projects that only involve acquisition (with no rehabilitation being done to the project) may not be made available under the 2007 NOFA.

Currently, HOME funds used for TBRA, relocation payments, lead remediation, and administration or activity delivery costs must be provided in the form of a grant.

For more information on HOME-eligible activities, see Sections 8201 and 8205 of the State HOME regulations located at <http://www.hcd.ca.gov/fa/home/>.

HOME Recapture Policy

Pursuant to 24 CFR 92.254(a)(5), the State HOME Program will utilize the recapture option in its homeownership programs and projects, but may utilize the resale option for limited equity forms of ownership, such as cooperatives and community land trusts. All resale loans are assumable. State Recipients may allow recapture loans to be assumable. Loans made under the CHDO set-aside may not be assumed because of

the difficulties in re-qualifying borrowers without an ongoing contract with a local CHDO and the inherent difficulties in qualifying families in locations throughout the State from the State's headquarters in Sacramento.

American Dream Downpayment Initiative

FY 2007/2008 State American Dream funds can be used for FTHB downpayment assistance as well as rehabilitation activities completed within one year of the assisted home purchase. Per federal requirements, the total amount of American Dream funds made available per household cannot exceed the greater of 6 percent of the purchase price of a single-family dwelling, or \$10,000. The total amount of American Dream funds allocated to rehabilitation activities cannot exceed 20 percent of the State's American Dream allocation. However, HOME funds can be used in conjunction with American Dream funds for acquisition/rehabilitation.

In funding program activities, the State HOME Program only funds FTHBs for acquisition that may include up to \$10,000 in rehabilitation costs, determining that an applicable portion of all FTHB activities will meet the American Dream requirements. The Program is combining HOME and American Dream funds when providing these funds to HOME eligible jurisdictions implementing FTHB program activities. Eligible Participating Jurisdictions will receive only American Dream funds. The Department will conduct an annual review to ensure American Dream-funded projects meet these requirements.

Pursuant to the American Dream statute, the State requires all HOME recipients to conduct targeted outreach to residents and tenants of public housing, trailer parks, and manufactured housing, and to other families assisted by public housing agencies.

The State will assist jurisdictions to ensure the suitability of families to undertake and maintain homeownership by requiring program guidelines for the implementation of their FTHB programs; rating on the feasibility of these programs, and offering technical assistance and training. The State also provides sample Homebuyer Program Guidelines and a Homebuyer Program Guidelines Checklist which are "best practice" technical assistance tools for local jurisdictions, and others that use State HOME, CDBG or CalHome program funds for homebuyer assistance. These documents discuss tools to help ensure the suitability of families to undertake and maintain homeownership, including homebuyer counseling.

Affirmative Marketing

Pursuant to Section 92.351 (a), the State HOME Program requires projects of five or more units to adopt affirmative marketing procedures and requirements. Project recipients are trained in affirmative marketing, and monitored on this issue through site visits and desk reviews of marketing procedures, materials, and outcomes.

Minority Homeownership

It is projected that approximately 467 minority households will become homeowners with State HOME and American Dream assistance during 2005-2010. The State estimates that it will assist 75 minority households to become homeowners in FY 2007/2008.

HOME will continue to assess homebuyer outreach/marketing plans to determine what additional marketing efforts can be undertaken to try to increase minority homeownership rates, particularly among african americans, which have a lower homeownership rate than other minority groups. HOME will also talk with local jurisdictions to determine if there are other factors contributing to low homeownership rates, such as low credit scores, and if there are other program changes jurisdictions can make to improve the minority homeownership rate.

Minority/Women's Business Outreach

Pursuant to Section 92.351(b), the State HOME Program requires recipients of HOME funds to adopt procedures for outreaching to minority business enterprises (MBE) and woman business enterprises (WBE) in the procurement of goods and services related to its housing activities. HOME contractors are trained using outreach standards developed by HUD and given resources for finding certified MBE/WBE firms in California. HOME monitors contractor good faith efforts to utilize MBE/WBE. Site visits include a review of HOME contractor files and discussions with HOME contractor staff. Thereafter, the HOME contractor will annually submit MBE/WBE reporting forms to the Department.

Match

Pursuant to Section 8206 of the State HOME regulations, the HOME Program will satisfy the federal 25 percent match requirement by using excess match reported from prior HOME fiscal years, as well as match reported by applicants funded in the current funding round.

Antidisplacement and Relocation Assistance Plan

Please refer to Appendix L of the State's 2005-2010 Consolidated Plan.

HOME Allocation Method

Currently HOME funds are divided into two separate allocations, one for projects and one for programs, with the percentage of each allocation based on the actual application demand expressed as dollar amount requested in response to the initial NOFA of a funding cycle. Under the initial NOFA, in no event shall either allocation decline below 40 percent of the total funds available. If either minimum allocation is not fully subscribed for applications submitted under the initial NOFA, the remaining funds may be:

- (i) transferred to the other allocation; (ii) made available under a subsequent NOFA; or
- (iii) a combination of both (i) and (ii). Funds made available under a subsequent NOFA

may be made available on a first-come, first-served basis for a maximum of nine months from the application deadline under the initial NOFA.

Pursuant to federal and State HOME regulations, a minimum of 15 percent of the total HOME allocation will be set-aside for CHDOs, and a minimum of 50 percent of the total funds awarded will be set-aside for rural area applicants. This rural percentage was chosen based on a needs study conducted pursuant to 24 CFR 92.201. If there are an insufficient number of eligible applications that qualify for the set-aside, the remaining rural funding reservation will be used to fund any eligible non-rural applications. State American Dream funds will be combined with HOME funds and distributed according to HOME Program requirements.

Proposed amendments to the State HOME Regulations clarify that homebuyer projects will be rated and ranked separately from rental projects and programs. A minimum annual allocation of 5 percent has been proposed for homebuyer projects, consistent with the average historical demand for these funds. No change has been proposed to the minimum 40 percent allocations for rental projects and programs

For more information on allocation of funds, see Sections 8212, 8212.1 and 8213 of the State HOME Regulations located at <http://www.hcd.ca.gov/fa/home/>.

Application Process and Rating Criteria

The anticipated timetable for the award of FY 2007/2008 HOME funds is as follows:

Issue NOFA	June 2007
NOFA Training Workshops	June 2007
Application Deadline	August 15, 2007
Loan and Grant Committee (rental projects)	October 26, 2007
Announce Awards	December 17, 2007
Execute Contracts	January/February 2008

Over-The Counter (OTC) NOFA for Programs

In addition to the main competitive NOFA, depending on the availability of funds, HOME may also issue an OTC NOFA in FY 2007/2008 for programs that were ineligible to apply under the main NOFA because they had not reached the 50 percent expenditure level by the application deadline for the main NOFA. Once they have reached the 50 percent level, programs can apply for and receive OTC funds as long as their application meets all of the threshold criteria set forth in Section 8212 (a) of the State HOME regulations. Pending regulation changes would permit OTC program funds to be awarded in equal amounts among all applicants requesting funds, rather than on a first-come first-served basis.

Threshold Evaluation Criteria

In order to be considered eligible for funding, an application must be submitted by an eligible applicant by the deadline stated in the applicable NOFA. In addition, the application must be complete and all proposed activities eligible.

The total amount requested in an application cannot exceed the amounts specified in the NOFA. Applicants can be held out from a competition because of performance problems with current HOME contracts, or unresolved audit findings.

Applicants for program activity funds with one or more current State HOME contracts must have expended at least 50 percent of the aggregate total of program funds originally awarded under these contracts to be eligible to apply for additional program activity funds. Contractors for projects that miss three project deadlines are ineligible to apply under the next project NOFA.

Project applications must have adequate evidence of site control. Project applications must also demonstrate financial feasibility and certify there are no pending lawsuits preventing implementation of the project as proposed. Rental projects must also demonstrate compliance with Article 34 of the California Constitution, and CHDO applicants must also demonstrate effective project control pursuant to federal and State HOME requirements.

Proposed Regulation Changes to Threshold Evaluation Criteria

As noted earlier, proposed changes to the State HOME Regulations in this area would do the following:

- OMB A-133 Audit – Require applicants to submit evidence with the HOME application that they have complied with the submittal requirements of the OMB A-133 Single Audit Act.
- Application Requirements/Form - Require submission of certain documents to evaluate project feasibility, including but not limited to, a market study (or other market information for first-time homebuyer projects), appraisal, and Phase I/Phase II Environmental Site Assessments for new construction projects or lead, asbestos, and mold assessments for rehabilitation projects. These reports must also meet basic standards set forth in the regulations FTHB projects must also submit project guidelines similar to that now submitted by first-time homebuyer programs.
- Homebuyer Education – Amendments require FTHBs assisted with HOME funds to receive basic homebuyer education.

Rating Factors

Programs, projects, and American Dream applicants compete separately. American Dream applications are evaluated using the same criteria as other program applications.

HOME uses several rating factors to evaluate proposed programs and projects. Below is a general description of these rating factors.

Applicant Capability: Examines past performance on HOME contracts, as well as experience with other similar projects.

Community Need: Examines Census data relative to need in the locality where the program or project is being proposed.

Feasibility: Examines the extent to which the guidelines of a proposed program comply with HOME requirements; the cost reasonableness and affordability of a proposed FTHB program, rental project compliance with the Uniform Multifamily regulations, and the number of proposed HOME-assisted units in a project.

Readiness: Examines the applicant's project development plan, as well as the status of local government approvals, design progress, and financing commitments for a project.

Housing Element Compliance: Examines whether a city or county housing element is in substantial compliance with State law. CHDOs and newly formed cities receive full points in this rating category.

Giving Up Formula Allocation: Applicants also receive points for proposing activities in a jurisdiction that has given up its HOME formula allocation to compete in the State HOME Program.

Rural Points: Rural applicants also receive fifty points in the competition.

State Objectives: For FY 2007/2008, HOME may award additional State Objective points to the following. Pending regulation changes will make up to 150 points available for this rating category.

- Applications that provide deeper affordability.
- Applications that can lead to an improvement in HOME's HUD SNAPShots ranking, such as projects which can set-up and be funded quickly, projects which have all of their local approvals in place, projects which otherwise demonstrate expeditious use of HOME funds, and programs which by their design, and local economic and other factors are likely to be implemented quickly.

For more detailed information on each of these rating criteria, please see Section 8212 of the State HOME regulations located at <http://www.hcd.ca.gov/fa/home/>.

Proposed Regulation Changes to Rating Criteria

As noted earlier, proposed changes to the State HOME Regulations in this area would do the following:

- **State Objective Rating Points** – Amendments increase the number of points that can be earned for meeting identified State Objective policy goals, (from 50 to 150 points).
- **Performance Penalties** – Currently, HOME provides application rating points for the experience of the project developer, owner, and managing general partner. Amendments permit the Department to deduct rating points from a project application if the project developer, owner, or managing general partner has been the developer, owner, or managing general partner in HOME projects in the past five years that have missed project deadlines, such as obtaining all necessary permanent financing, project set-up, construction loan closing, project completion, and final expenditure of funds. Performance points will also be deducted for material misrepresentations of facts which jeopardize the Department's investment in the project, or put the Department at risk of a serious monitoring finding.
- **Project Feasibility Factors** Amendments clarify that evaluation of rental project feasibility also includes an evaluation of compliance with State and federal HOME requirements. Amendments also set forth criteria for evaluating the feasibility of first-time homebuyer projects.

Monitoring

There are several levels of oversight which the HOME Program undertakes to monitor activities carried out in furtherance of the Annual Plan. Principally, the Program relies on the standards set forth in federal and State statutes and regulations applicable to the HOME Program to govern its actions. However, HOME also consults regularly with applicants and grantees for feedback on priorities the Program should undertake, and on how to improve its internal procedures to improve Program implementation. HOME also continually revises its set-up documentation and ongoing, close-out, and long-term monitoring procedures so that monitoring compliance with HOME fiscal requirements and federal overlays happens when most appropriate in the development of a project. Currently, HOME does a combination of desk monitoring and site visits which involve ongoing communication with its grantees.

Internally, HOME monitors performance in meeting its Annual Plan goals and objectives through weekly management team meetings and bi-weekly State Recipient and CHDO meetings. Goal setting is also done at least once a year where program policy and implementation issues are discussed, and priorities for the coming year are developed which are incorporated into the Annual Plan.

In addition to the monitoring procedures described for Program requirements, HOME currently monitors grantee expenditure rates by requiring submission of monthly project reports which track progress on activity implementation, as well quarterly expenditure reports and Program Income Statements.

Proposed Regulation Changes Project Monitoring

As noted earlier, proposed changes to the State HOME Regulations in this area would do the following:

- **Monthly Project Status Reports** – Amendments require project applicants to complete monthly reports regarding the status of their project until project completion. As a result of public comments received during the 45-day comment period, the Department is also proposing eliminating the quarterly expenditure report for projects (CHDOs with the authority to retain CHDO proceeds and State Recipients would still be required to submit quarterly Program Income reports).
- **Regulatory Agreements** – Amendments require that the regulatory agreements for HOME rental projects reflect the actual rent levels approved by the Department rather than just the minimum federal requirements.

Performance Measurement

HUD has established Performance Measurements that became mandatory for every formula grantee in October 2006. These measurements have been designed to enable grantees and HUD to inform Congress, OMB, and the public of the outcomes of the covered programs. The goal is to begin focusing on more outcome-oriented information and be able to aggregate results across the broad spectrum of programs funded by these block grants at the city, county, and state level.

For all activities, the State HOME Program will continue using “Providing Decent Affordable Housing” as its primary objective and “Improving Affordability” as its primary outcome measurement. The Program will collect performance measurement data from borrowers and grantees through its Set-up and Project Completion Reports.

Federal Emergency Shelter Grant Program (FESG)

Eligible Applicants

FESG-eligible applicants are cities and counties that do not receive FESG funds directly from HUD, as well as 501(c)(3) nonprofit organizations that provide FESG-eligible activities in these localities. Pursuant to State FESG Regulations, as of the publication date of the applicable NOFA, an eligible organization must have provided FESG-eligible activities continuously each day throughout the prior 12 months, or for winter or summer-only shelter providers, each day throughout the region's prior winter or summer shelter season. This experience requirement does not apply to new programs as described below.

Eligible Activities

Types of programs eligible for FESG funds include day centers, overnight emergency shelters, transitional housing, and emergency hotel vouchers for homeless persons. Homeless prevention programs are also eligible, including programs providing temporary rental assistance to prevent eviction or assist with move-in costs. For more information on specific State requirements related to these types of programs, see Sections 8406-8409 of the State FESG Regulations located on the Department's website at www.hcd.ca.gov/fa/fesg/.

Pursuant to federal and State FESG regulations, eligible activities within these types of programs include:

- facility operations;
- essential services (limited to 30 percent of the total State allocation);
- supervisory shelter administration (limited to 10 percent of the individual grant amount);
- grant administration (limited to 1 percent of the individual grant amount);
- homeless prevention activities (limited to 30 percent of the total State allocation); and
- renovation, conversion, or major rehabilitation.

Applicants will be discouraged from using FESG funds for capital development activities until all EHAP Proposition 46 and Proposition 1C funds have been allocated (The FESG NOFA includes a statement recommending that organizations needing funds for capital development apply to EHAP Capital Development to fund these activities) The State will request a waiver of the 30 percent limitation on essential services. The federal match requirement will be satisfied by providing evidence of current State expenditures on activities serving the homeless. The match requirement will not be passed down to FESG grantees.

Funds Available

FESG is expected to receive an allocation of \$6,864,887 from HUD during FY 2007/2008. In addition, the FESG Program will continue to reallocate any disencumbered funds from expired contracts. These funds will be made available on a competitive basis to cities and counties within California that do not receive a FESG allocation directly from HUD, as well as nonprofit organizations operating homeless programs within these same localities. During FY 2007/2008, there will be an estimated 41 counties and 116 cities in ineligible counties that will be eligible to receive FESG funds. A complete listing of eligible jurisdictions is included as Appendix A.

State funding for homeless programs is available primarily through the Emergency Housing and Assistance Program (EHA Program). In 2006, \$4 million in State general fund dollars was available to support shelter operations and temporary rental assistance to prevent homelessness. This funding is proposed to remain the same in 2007. An estimated \$37 million in Proposition 46 bond funds will be available annually for the next 1.5 years to support capital development activities for emergency and transitional housing. The next NOFA beginning in November 2007 will include a combination of Proposition 46 and Proposition 1C monies.

FESG Allocation Method

In accordance with State FESG Regulations enacted in July 2004, the FESG allocation will be divided into five smaller allocations described below. Note that Regional Allocation percentages are based on past demand for FESG funds in the region.

New Programs Allocation (5 percent): The purpose of the New Programs Allocation is to foster the development of new capacity to serve the homeless. To qualify as a New Program under this allocation, a program must have been in operation for less than two years from the date of the applicable NOFA, and the organization applying on behalf of the program must not have received State FESG funds or EHAP funds in the previous two funding rounds.

Northern California Allocation (33 percent): Available to programs in FESG-eligible localities within Northern California urban counties.

Southern California Allocation (24 percent): Available to programs in FESG-eligible localities within Southern California urban counties.

Rural Allocation Region (19 percent): available to programs in FESG-eligible localities within nonurban counties.

General Allocation (15 percent): Available to programs that do not rank high enough to be funded out of the regional or New Programs allocations. All programs not funded out of these allocations can receive General Allocation funds based on a statewide ranking of their application score.

FESG FY 2007/2008 Allocation		
	Percentage	Anticipated Amount for 2006/2007
New Programs	5%	343,244
Northern California	33%	2,265,413
Southern California	24%	1,647,573
Rural	19%	1,304,329
General	15%	1,029,733
State Administration	4%	274,595
TOTAL	100%	\$ 6,864,887

Application Process and Rating Criteria

In March 2007, FESG released its annual NOFA and held two application training workshops (March 14-Sacramento/March 20-Upland). State regulations permit the maximum grant amount per application to be established in the NOFA based on 2-4 percent of the available annual State FESG allocation. State regulations also permit the Department to give applicants the option of applying for 12- or 24-month grants.

Per State regulations, applicants are rated in four main areas: Applicant Capability (300 points); Need for Funds (100 points); Impact and Effectiveness of the Client Housing (250 points); Cost Efficiency (100 points) and State Objectives (35 points). For a detailed description of each of the rating factors under these categories, see Section 8411 of the State FESG Regulations located on the Department's website at www.hcd.ca.gov/fa/fesg/.

Monitoring Activities

The State FESG Program will continue to use the risk assessment tool to measure risk associated with all grantees to determine which grantees require on-site monitoring. On-site monitoring of the highest risk grantees along with the current tracking system for grantee reporting will ensure long-term compliance with requirements of the Program, including the comprehensive planning requirements. In addition to on-site monitoring, desk audits will be implemented during FY 2007/2008 for those grantees at lower risk.

Goals and Objectives

Goal 1: Continue to address the needs of FESG-eligible communities for emergency shelter, transitional housing, and assistance to prevent homelessness.

FESG will continue to fund emergency shelter, transitional housing, and homeless prevention programs serving homeless and low-income individuals and families. FESG will continue to award application rating points based on factors including: the number and accessibility of supportive services provided to clients, staff to client ratios, and client

outcome measures. Because of the availability of State bond funds for the development of emergency shelter and transitional housing, FESG will discourage use of its funds for renovation, major rehabilitation and conversion, and encourage the use of EHAP Capital Development deferred loan program funds instead.

Objectives:

1. Continue outreach efforts to inform programs serving the homeless about the availability of FESG funds. Current outreach efforts include maintenance of an extensive NOFA mailing list of homeless service organizations; participation in regional and statewide meetings and conferences on homelessness; maintenance of an FESG webpage which includes application information, and participation in State inter-agency events concerning issues relevant to homelessness.
2. Award FESG funds according to the following anticipated timetable:

Release NOFA and Application	March 2007
Hold Application Training Workshops	March 2007
Rate and Rank Applications Received	May--July 2007
Announce Awards	September 2007
Execute Contracts	October 2007

Goal 2: Monitor and Assess the Implementation of new State regulations.

In July 2004, the State FESG Program enacted its first set of regulations governing the allocation of FESG funds. Staff will monitor and assess regulations to ensure that implementation of any of the requirements is not resulting in any unintended consequences.

Objectives:

1. Data from the 2006 applicant pool will be analyzed to determine trends in the award of funds by program type, size, and subpopulation served. Any significant imbalances that may appear among any of these factors will be examined closely to see what in the application rating process may have contributed to an imbalance.
2. Prior to developing the 2007 NOFA, FESG staff analyzed each rating question to determine if non-regulatory changes can be made to achieve fair and reasonable scoring, taking into account each question's policy goal and prior year's score distribution.

Goal 3: Award State Objective points to programs serving the chronically homeless.

State regulations currently permit the FESG Program to award up to 35 points to programs meeting a federal funding priority as publicly announced by HUD. Consistent with this, programs serving the chronically homeless will receive State objective points in the 2007 funding round.

Objectives

1. Prior to release of the NOFA and application, FESG staff determined how to best solicit information from applicants regarding service to chronically homeless.
2. Pursuant to Section 8411(b)(5)(A) of the State FESG regulations, FESG also determined if particular types of facilities or programs serving the chronically homeless should receive State Objective points due to an imbalance in the types of programs funded in the 2006 funding round.

Goal 4: Focus monitoring efforts on programs with difficulties reporting and low drawdown rates.

During FY 2007/2008, FESG will focus its grantee monitoring efforts on those programs that did not expend prior year contracts in a timely manner. This will include programs that had unspent funds at the end of their contract term, as well as programs whose expenditure rate over the term of the grant was very uneven. Programs with reporting difficulties will also be monitored.

Objectives:

1. During FY 2007/2008, FESG will monitor a minimum of eight programs with low expenditure rates or reporting difficulties.
2. FESG will simplify reporting requirements, and provide additional technical assistance and monitoring support to grantees regarding completion of Program Activity Reports (PARs), which must be submitted to draw-down FESG funds.
3. FESG will provide a Grant Management training workshop for current and new grantees in October 2007 in Sacramento and southern California. This will provide a review and follow-up to existing grantees and training early for inexperienced grantees. FESG's Grant Management Manual was updated in January 2007.

Performance Measurement

Under FESG, beginning in April 2006, the State FESG Program began incorporating HUD's new performance measurement system into its application and reporting forms. The FESG Program will input submitted subgrantee reporting data collected via the "Annual Performance Report".

FESG will begin collecting the new information on its revised report forms which will be included in the 2007 Grants Management Manual. Revisions to the FESG reporting forms will reflect changes to the IDIS system. Once funded, grantees will be required to collect data and report on pre-determined specific output indicators based on the type of activity. The FESG output indicators used in prior annual performance reports may change but no major changes are anticipated.

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Housing Opportunities for Persons with AIDS (HOPWA)

Effective July 1, 2007, the California Department of Health Services (DHS) will be divided into two separate state agencies, the Department of Health Care Services and the Department of Public Health. The Office of AIDS (OA) will be located with the Department of Public Health (DPH). Although the Annual Action Plan is part of the Consolidated Plan submitted to HUD by the Department, HUD will directly contract with the DPH for the HOPWA program. The DPH, Office of AIDS (OA) will administer the HOPWA program.

Goals and Objectives

The purpose of the HOPWA Program is to devise long-term comprehensive strategies for meeting the housing needs of persons living with acquired immunodeficiency syndrome (AIDS) or related diseases and their families.

As of December 31, 2006, a total of 60,957 living AIDS cases had been reported since 1983 in the State of California. Of the 60,957 reported AIDS cases statewide, 7,204 persons living with AIDS were reported in those counties outside the Eligible Metropolitan Statistical Areas (EMSA) that are served by the State HOPWA Program. In accordance with a new law, H&S Code Section 121022, passed in April 2006, health care providers and laboratories must now report cases of HIV infection by name to the local health officer, and that local health officers report unduplicated HIV cases by name to DHS-OA. Once the names reporting system is in full effect, it is anticipated that the number of HIV cases will increase the total number of HIV/AIDS cases significantly.

Persons Living with HIV/AIDS experience multiple barriers to housing stability. The most prevalent barrier is insufficient financial resources with a majority of household incomes reported below 30 percent of area median income. Other conditions such as physical disabilities, developmental disabilities, mental illness and drug or alcohol abuse make their day to day lives difficult. Often persons living with HIV/AIDS have poor credit history, a criminal record, or are undocumented which creates additional barriers to securing affordable housing. Additionally, the cost of housing in California continues to rise making it increasingly more difficult for persons on a fixed income living with HIV/AIDS to afford housing. The State of California HOPWA program will continue to fill the unmet and most urgent HIV/AIDS housing needs by providing housing assistance and supportive services as set forth in the planned goals below.

On an annual average, approximately 2,200 households that include at least one person living with HIV/AIDS are assisted using the State HOPWA funds. To meet the most urgent needs of PLWA, the following goals have been established:

- Allocate HOPWA funds in a manner that ensures all non-EMSA counties are able to meet the most urgent HIV/AIDS housing needs of the clients within their community and in turn alleviate or prevent homelessness among persons living with HIV/AIDS.

- Assist sponsors in establishing linkages with other mainstream resources (e.g., housing authorities, local Continuum of Care groups, homeless service agencies) through technical assistance and other HOPWA resources.

	HOPWA Performance Chart 1	HOPWA Assistance Goals
1	Tenant-based rental assistance	32
2	Units in facilities supported with Operating Costs <i>Number of households supported</i>	70
3	Units in facilities developed with capital funds and placed in service during the program year <i>Number of households supported</i>	0
4	Short-term rent, mortgage and utility assistance	1,800
	Housing Development (Construction And Stewardship Of Facility Based Housing)	
5	Units in facilities being developed with capital funding but not yet opened (show units of housing planned)	0
6	Stewardship (developed with HOPWA but no current operation or other costs) Units of housing subject to 3 or 10 year use agreements	6
7	Adjustment to eliminate duplication (i.e., moving between types of housing)	-
Total unduplicated number of HHs/units of housing assisted		6
	Supportive Services	
8	i) Supportive Services in conjunction with HOPWA activities ii) Supportive Services NOT in conjunction with HOPWA activities	1,800
9	Adjustment to eliminate duplication	-
Total Supportive Services		1,800
	Housing Placement Assistance	
10	Housing Information Services	800
11	Permanent Housing Placement	630
	Deduct for Duplication of Assistance	630
Total Housing Placement Assistance		800

Leveraged Funds

In FY 2006/2007, the OA allocated approximately \$3 million in Ryan White Care Act Title II (RWCA) funds to counties within the HOPWA State Grantee jurisdictions. On December 19, 2006 the Ryan White HIV/AIDS Treatment Modernization Act of 2006 (RWHTMA) was signed into law. This act reauthorizes the funding for three more years; however, the funding allocation for the counties within the HOPWA State Grantee jurisdictions has not been released. It is anticipated that HOPWA providers will utilize RWHTMA funds for core medical care, client advocacy and other supportive services.

The OA also administers the \$1,000,000 statewide Residential AIDS Licensed Facilities (RALF) Program that provides annual operating subsidies to licensed residential facilities for persons living with HIV/AIDS, one of which is located in a State HOPWA jurisdiction (Santa Barbara County).

In a few counties, such as Sonoma, Ventura, San Luis Obispo, Monterey and Stanislaus and Santa Barbara, service providers have been successful in obtaining Shelter Plus Care contracts or advocating for priority Section 8 vouchers for persons living with HIV/AIDS, and awarded funding through the McKinney Supportive Housing Program for the operation of transitional and permanent housing. Additionally, some service providers receive private foundation funds that are used to provide shallow rent subsidies or pay for facility operating costs.

Performance Measurement

For all housing assistance activities, the HOPWA Program will use "Providing Decent Housing" as the primary objective and "Improving Affordability" will be the primary outcome measurement. For supportive services activities in conjunction with housing assistance, the HOPWA Program will use "Providing Decent Housing" as the primary objective and "Availability/Accessibility" will be the primary outcome measurement.

HOPWA specific outcomes to be measured are the degree to which HOPWA-assisted households have been enabled to:

- Establish or better maintain a stable living environment;
- Improve access to care and support; and
- Reduce the risk of homelessness.

Availability of Funds/Eligible Applicants

The FY 2007/2008 grant funds and any unspent or returned funds from prior year grants will be distributed by a formula allocation process to 42 counties located outside of HOPWA Eligible Metropolitan Statistical Areas (EMSAs). The funds are distributed annually on a

non-competitive basis to selected fiscal agents consisting of housing agencies (including eligible health departments) and community based nonprofit organizations. The fiscal agents serve as the project sponsors and will either directly administer the HOPWA funds or contract through a competitive process with another provider for delivery of the services. The formula used to allocate HOPWA funds is based upon the number of persons living with AIDS, as reported to the OA HIV/AIDS Case Registry as of December 31st. Although HIV names reporting has begun in California, the allocation formula will continue to be based on reported AIDS cases until the HIV names reporting method used by California has been accepted by the Federal Center for Disease Control (CDC). The unspent funds formula will only include counties where agencies have shown the ability to effectively use the HOPWA funds and are in the greatest need of the funds.

Based on local HIV/AIDS housing and supportive service needs assessments, each locality will determine the HOPWA activities to be funded and the amount of funds from its allocation that will be applied toward each selected activity. The OA strongly encourages counties receiving an allocation of more than \$100,000 and reporting 100+ AIDS cases use at least 15 percent of their annual formula allocation to develop longer term housing activities including, but not limited to, planning, development, tenant-based rental assistance, project-based rental assistance and operating subsidies for housing facilities.

A complete listing of all HOPWA eligible counties is included as Appendix A. Eligible applicants include: currently funded HOPWA sponsors, newly approved agencies. HOPWA funds may be used for supportive services; however, most care and support, including case management, is provided to clients through other programs also administered by the OA such as the Care Services Program, Case Management Program and Medical Waiver Program, Early Intervention, Education and Prevention, AIDS Drug Assistance Program and CARE Health Insurance Premium Payments. A complete list of eligible HOPWA activities is included in Appendix D.

Capped Payment And Tracking Time Limitations For Short Term Rent, Mortgage And Utility Assistance Activities

Clients are informed of the availability of HOPWA activities during the intake process. At intake, project sponsors will establish a client's basic eligibility for HOPWA which is being of low income and having an HIV/AIDS diagnosis. For short-term rent, mortgage and utility assistance (STRMU), HOPWA regulations allow 21 weeks of assistance out of any 52 week period. Project sponsors may establish more restrictive limitations on the amount of assistance a client may receive or the amount of time the assistance is given as long as all providers within their jurisdiction use the same limitations for all clients when providing the assistance. When establishing limitations, sponsors must consider the area's Fair Market Rent, rent reasonableness or other measure of the area's housing market with a goal that the level of support is sufficient to avoid any continuing household housing crisis. The OA is in the process of developing consistent and uniform criteria for the distribution of STRMU funds to clients as encouraged by HUD (refer to HUD CPD Notice CPD-06-07)

Coordination of Efforts

DHS' OA is the State's clearinghouse agency for statewide programs and activities that pertain to HIV/AIDS. The OA emphasizes the integration of representatives of HIV/AIDS service agencies, other State departments (such as Corrections, Housing, Rehabilitation, Mental Health, Developmental Services and Alcohol and Drug Programs), local health departments, University-wide AIDS Research Program (University of California San Francisco), and others in information gathering, research and decision making processes. The annual Interagency AIDS Coordinating Council includes numerous State departments in the review of AIDS service delivery and prevention/education efforts.

Additionally, the OA requires that local planning groups be formed to include representatives of HIV/AIDS service agencies, health department representatives, local affordable housing and homeless agencies, representatives of the post incarcerated populations, and agencies addressing the needs of the mentally ill, substance abusing or other disabled population. These planning groups are charged with the development of local HIV service plans addressing the need for linking care and treatment service agencies with other agencies and clinics providing services to the same population. The selected HOPWA sponsors are participants in this HIV planning and service delivery process.

Sponsors are encouraged to participate in their local Continuum of Care planning process to ensure that the HIV/AIDS population is represented during the planning process. The OA will provide the counties with contact information and assist them in establishing relationships with the Continuum of Care Planning group in their community. Sponsors or their service providers that target the HIV/AIDS homeless population are strongly encouraged to participate in their local Homeless Management Information System.

Monitoring

The OA will conduct on-site monitoring visits to its sponsors and subcontractors to ensure compliance with HOPWA Regulations, federal overlays, and OA contractual obligations. All sponsors that have acquired and/or rehabilitated housing units using HOPWA funds will be monitoring during the program year.

Continuous monitoring and technical assistance will also be provided through telephone communication, quarterly report and monthly expenditure reviews, updates to manuals and management memoranda.

AIDS Housing Washington (AHW) will be utilized to assist counties in developing long-term housing plans and housing programs. The OA will work closely with those counties and AHW.

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Lead Based Paint Hazard Control Program (LHCP)

As indicated in the chart below, California has 11,502,870 pre-1979 units of which 17 percent are pre-1950 housing units. Consequently, children of very low- and low-income families are disproportionately at risk for lead poisoning, as they tend to reside in older housing. In fact, according to the 2000 Census, there are approximately 3,029,317 very low- and low-income families in California that potentially reside in homes that contain lead-based paint.

Year Structure Built	Total Units per 2000 Census	Owner Occupied Units Per 2000 Census	Renter Occupied Units Per 2000 Census
Pre-1940	1,090,564	560,351	530,213
1940-1949	891,363	496,066	395,297
1950-1959	1,809,151	1,097,727	711,424
1960-1969	1,927,203	1,005,648	921,555
1970-1979	2,353,560	1,260,440	1,093,120
1980 or newer	3,431,029	2,126,005	1,305,024
Total	11,502,870	6,546,237	4,956,633

In response to the need to reduce lead-based paint hazards in pre-1979 low-income privately-owned housing, CSD has and will continue to work in partnership with other State and local agencies, as well as community-based organizations as described below.

Funding Allocation

In November 2006, CSD received a 36-month \$3 million Lead Hazard Control Grant from HUD under Round XIII. CSD concurrently is administering Round XI and XIII. CSD intends on providing lead hazard reduction services to at least 610 privately-owned housing units occupied by low- to moderate-income families in which a child under the age of six resides or spends a significant amount of time. Housing units meeting income eligibility occupied by a child with elevated blood lead levels are also eligible. Lead hazard control services will be provided in conjunction with weatherization services funded by U.S. Department of Energy Weatherization Assistance Program and Low-Income Home Energy Assistance Program weatherization services. The strategy combines the benefits of weatherization and minor home repair services with CSD's LHCP.

Funding Procedures

CSD will implement its LHCP in seven counties throughout the State in partnership with five non-profit community-based organizations (CBOs) as follows:

CBO	COUNTIES	UNIT GOAL	ALLOCATION
Community Resource Project	Sacramento, Sutter and Yuba	75	\$ 670,491
Economic and Social Opportunities	Santa Clara	50	\$ 409,502
Maravilla Foundation	Los Angeles	205	\$ 1,667,223
Redwood Community Action Agency	Humboldt	100	\$ 815,005
Community Action Partnership of San Bernardino County	San Bernardino	180	\$ 1,462,709

In addition, DHS receives annual funding from EPA to implement effective compliance and enforcement of the Lead-Related Construction Program, develops and distributes outreach and education materials, and evaluates and monitors childhood lead exposure.

Monitoring

CSD monitoring activities include review and approval of lead-based paint inspection and risk assessment reports, project design and cost estimates, desk reviews, and periodic field visits to supervise work activities.

Five-Year Lead Hazard Control Objectives

Actions to reduce or eliminate lead-based paint hazards in operation of State housing programs include the following:

1. CSD will implement the HUD-Funded Round XI and XIII as described above. CSD will seek out opportunities to diversify funding opportunities to sustain the program.
2. CSD will partner with DHS to develop a quality assurance program to assess participating CBOs' compliance with applicable State, federal and local laws.
3. CSD will monitor the performance of its network of weatherization providers to assure compliance with the lead-safe work practices as outlined in CSD's Weatherization Installation Standards Manual.
4. In awarding funds to rehabilitate housing, the Department and CalHFA require the identification and mitigation of lead-based paint hazards.
5. DHS will continue to implement Title 17, CCR, to govern accreditation and certification of the lead hazard control industry and lead hazard control work.
6. DHS will continue to compile information, identify target areas, and analyze information to design and implement a program of medical follow-up and environmental abatement to reduce childhood lead exposure.

Certifications

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STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing -- The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace -- It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about:
 - (a) The dangers of drug abuse in the workplace;
 - (b) The grantee's policy of maintaining a drug-free workplace;
 - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will:
 - (a) Abide by the terms of the statement; and
 - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted:
 - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.


Anti-Lobbying -- To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State -- The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.


Lynn Jacobs
Director

5/15/07
Date

Specific CDBG Certifications

The State certifies that:

Citizen Participation -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments -- It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification -- It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds -- It has complied with the following criteria:

1. **Maximum Feasible Priority.** With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available);
2. **Overall Benefit.** The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) 2007 and 2008 (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70

% of the amount is expended for activities that benefit such persons during the designated period;

3. **Special Assessments.** The state will require units of general local government that receive CDBG funds to certify to the following:

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

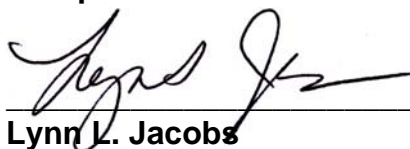
It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force -- It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-discrimination laws -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws -- It will comply with applicable laws.



Lynn L. Jacobs
Director

5/15/07
Date

Specific HOME Certifications

The State certifies that:

Tenant Based Rental Assistance -- If it intends to provide tenant-based rental assistance:

The use of HOME funds for tenant-based rental assistance is an essential element of the State's consolidated plan.

Eligible Activities and Costs -- It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR § 92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Financial Assistance -- Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.



Lynn L. Jacobs
Director

5/15/07

Date

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Specific ESG Certifications

The State seeking funds under the Emergency Shelter Program (ESG) certifies that it will ensure that its recipients of ESG funds comply with the following requirements:

Major rehabilitation/conversion -- In the case of major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 10 years. If the rehabilitation is not major, the recipient will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 3 years.

Essential Services and Operating Costs -- Where the assistance involves essential services or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served.

Renovation -- Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

Supportive Services -- It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal State, local, and private assistance for such individuals.

Matching Funds -- It will obtain matching amounts required under 24 CFR 576.51 and 42 USC 11375, including a description of the sources and amounts of such supplemental funds, as provided by the State, units of general local government or nonprofit organizations.

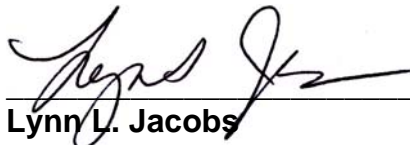
Confidentiality -- It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter.

Homeless Persons Involvement -- To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted through this program, and in providing services for occupants of such facilities.

Consolidated Plan -- It is following a current HUD-approved Consolidated Plan or CHAS.

Discharge Policy -- -- It has established a policy for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.

HMIS – It will comply with HUD’s standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.



Lynn L. Jacobs
Director

5/15/07
Date

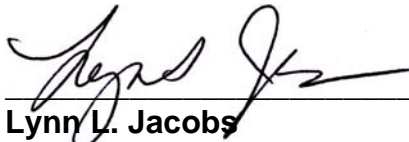
Specific HOPWA Certifications

The State HOPWA grantee certifies that:

Activities -- Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

Building -- Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

1. For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance,
2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.



Lynn L. Jacobs
Director

5/15/07

Date

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APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

B. Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, alternate I applies. (This is the information to which jurisdictions certify).
4. For grantees who are individuals, Alternate II applies. (Not applicable jurisdictions.)
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

8. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

9. Definitions of terms in the Nonprocurements Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled Substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C.812) and as further defined by regulation (21 CFR 1308.11 through 1308.14);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g. volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll' or employees or subrecipients or subcontractors in covered workplaces).

Appendix

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Appendix A

Eligible Jurisdictions by Program FY 2007/2008

(This table is subject to change. Any such changes will be reflected in program NOFAs and updated in the next Annual Plan)

	CDBG	HOME	ESG	HOPWA
Alameda	None	None	County not Eligible Alameda Fremont Hayward Livermore Pleasanton San Leandro Union City	None
Alpine	Alpine County	Alpine County	Entire County Eligible	Entire County Eligible
Amador	Amador County Amador City Ione Jackson Plymouth Sutter Creek	Amador County Amador City Ione Jackson Plymouth Sutter Creek	Entire County Eligible	Entire County Eligible
Butte	Butte County Biggs Gridley Oroville	Butte County Biggs Gridley Oroville Paradise	Entire County Eligible	Entire County Eligible
Calaveras	Calaveras County Angels Camp	Calaveras County Angels Camp	Entire County Eligible	Entire County Eligible
Colusa	Colusa County Colusa Williams	Colusa County Colusa Williams	Entire County Eligible	Entire County Eligible
Contra Costa	None	None	County not Eligible. Antioch Concord Pittsburg Richmond San Ramon Village Walnut Creek	None
Del Norte	Del Norte County Crescent City	Del Norte County Crescent City	Entire County Eligible	Entire County Eligible
El Dorado	El Dorado County Placerville South Lake Tahoe	El Dorado County Placerville South Lake Tahoe	Entire County Eligible	None

Eligible Jurisdictions by Program

FY 2007/2008

(This table is subject to change. Any such changes will be reflected in program NOFAs and updated in the next Annual Plan)

	CDBG	HOME	ESG	HOPWA
Fresno	County not eligible Firebaugh Huron Orange Cove Parlier San Joaquin	County not eligible Clovis Firebaugh Huron Orange Cove Parlier San Joaquin	County not Eligible Clovis Firebaugh Huron Orange Cove Parlier San Joaquin	Entire County Eligible
Glenn	Glenn County Orland Willows	Glenn County Orland Willows	Entire County Eligible	Entire County Eligible
Humboldt	Humboldt County Arcata Blue Lake Eureka Ferndale Fortuna Rio Dell Trinidad	Humboldt County Arcata Blue Lake Eureka Ferndale Fortuna Rio Dell Trinidad	Entire County Eligible	Entire County Eligible
Imperial	Imperial County Brawley Calexico Calipatria El Centro <i>(eligible for Colonias Allocation only)</i> Holtville Imperial Westmorland	Imperial County Brawley Calexico Calpatria El Centro Holtville Imperial Westmorland	Entire County Eligible	Entire County Eligible
Inyo	Inyo County Bishop	Inyo County Bishop	Entire County Eligible	Entire County Eligible
Kern	County not Eligible. Delano McFarland Taft Wasco	County not Eligible. Delano McFarland Taft Wasco	County not Eligible. Delano McFarland Taft Wasco	Entire County Eligible
Kings	Kings County Avenal Corcoran Lemoore	Kings County Avenal Corcoran Lemoore Hanford	Entire County Eligible	Entire County Eligible
Lake	Lake County Clearlake Lakeport	Lake County Clearlake Lakeport	Entire County Eligible	Entire County Eligible
Lassen	Lassen County Susanville	Lassen County Susanville	Entire County Eligible	Entire County Eligible

Eligible Jurisdictions by Program

FY 2007/2008

(This table is subject to change. Any such changes will be reflected in program NOFAs and updated in the next Annual Plan)

	CDBG	HOME	ESG	HOPWA
Los Angeles	County not Eligible. Avalon Artesia Hidden Hills Industry Palos Verdes Estates Vernon	County not Eligible. Artesia Avalon Carson Gardena Glendora Hidden Hills Industry Lakewood Lancaster Palos Verdes Estates Pico Rivera Redondo Beach Santa Clarita Torrance Vernon West Covina	County not Eligible. Alhambra Artesia Avalon Baldwin Park Bellflower Burbank Carson Downey Gardena Glendora Hawthorne Hidden Hills Huntington Park Industry Lakewood Lancaster Lynwood Montebello Monterey Park Norwalk Palmdale Palos Verdes Estates Paramount City Pico Rivera Redondo Beach Rosemead Santa Clarita Santa Monica Torrance Vernon West Covina Whittier	None
Madera	Madera County Chowchilla	Madera County Chowchilla Madera	Entire County Eligible	Entire County Eligible
Marin	None	None	Entire County Eligible	None
Mariposa	Mariposa County	Mariposa County	Entire County Eligible	Entire County Eligible
Mendocino	Mendocino County Fort Bragg Point Arena Ukiah Willits	Mendocino County Fort Bragg Point Arena Ukiah Willits	Entire County Eligible	Entire County Eligible

Eligible Jurisdictions by Program

FY 2007/2008

(This table is subject to change. Any such changes will be reflected in program NOFAs and updated in the next Annual Plan)

	CDBG	HOME	ESG	HOPWA
Merced	Merced County Atwater Dos Palos Gustine Livingston Los Banos	Merced County Atwater Dos Palos Gustine Livingston Los Banos	Entire County Eligible	Entire County Eligible
Modoc	Modoc County Alturas	Modoc County Alturas	Entire County Eligible	Entire County Eligible
Mono	Mono County Mammoth Lakes	Mono County Mammoth Lakes	Entire County Eligible	Entire County Eligible
Monterey	Monterey County Carmel Del Rey Oaks Gonzales Greenfield King City Marina Pacific Grove Sand City Soledad	Monterey County Carmel Del Rey Oaks Gonzales Greenfield King City Marina Monterey Pacific Grove Sand City Seaside Soledad	Monterey County and all jurisdictions eligible except for Salinas	Entire County Eligible
Napa	Napa County American Canyon Calistoga St. Helena Yountville	Napa County American Canyon Calistoga Napa St. Helena Yountville	Entire County Eligible	Entire County Eligible
Nevada	Nevada County Grass Valley Nevada City Truckee	Nevada County Grass Valley Nevada City Truckee	Entire County Eligible	Entire County Eligible

Eligible Jurisdictions by Program

FY 2007/2008

(This table is subject to change. Any such changes will be reflected in program NOFAs and updated in the next Annual Plan)

	CDBG	HOME	ESG	HOPWA
Orange	County not Eligible Aliso Viejo San Clemente San Juan Capistrano	County not Eligible Buena Park Fountain Valley La Habra Laguna Niguel Lake Forest Mission Viejo Newport Beach Rancho Santa Margarita San Clemente San Juan Capistrano Tustin	County not Eligible Buena Park Costa Mesa Fountain Valley Fullerton Huntington Beach Irvine La Habra Laguna Niguel Lake Forest Mission Viejo Newport Beach Orange Rancho Santa Margarita San Clemente San Juan Capistrano Tustin Westminster	None
Placer	Placer County Auburn Colfax Lincoln Loomis Rocklin	Placer County Auburn Colfax Lincoln Loomis Rocklin Roseville	Entire County Eligible	None
Plumas	Plumas County Portola	Plumas County Portola	Entire County Eligible	Entire County Eligible
Riverside	County not Eligible Calimesa Coachella Indian Wells Rancho Mirage	County not Eligible Calimesa Coachella Hemet Indian Wells Palm Desert Palm Springs Rancho Mirage	County not Eligible Calimesa Coachella Corona Hemet Indian Wells Moreno Valley Palm Desert Palm Springs Rancho Mirage	None
Sacramento	None	None	County not Eligible Citrus Heights Elk Grove Rancho Cordova	None

Eligible Jurisdictions by Program FY 2007/2008

(This table is subject to change. Any such changes will be reflected in program NOFAs and updated in the next Annual Plan)

	CDBG	HOME	ESG	HOPWA
San Benito	San Benito County Hollister San Juan Bautista	San Benito County Hollister San Juan Bautista	Entire County Eligible	None
San Bernardino	None	County Not Eligible Chino Hesperia Upland	County not Eligible Apple Valley Chino Chino Hills Hesperia Rancho Cucamonga Rialto Upland Victorville	None
San Diego	None	None	County not Eligible Carlsbad El Cajon Encinitas Escondido La Mesa National City San Marcos Santee Vista	None
San Francisco	None	None	None	None
San Joaquin	None	None	None	Entire County Eligible
San Luis Obispo	County not Eligible Pismo Beach Morro Bay	County not Eligible Pismo Beach Morro Bay	County not Eligible Morro Bay Pismo Beach	Entire County Eligible
San Mateo	None	None	County not Eligible Daly City Redwood City San Mateo South San Francisco	None
Santa Barbara	Buellton Carpinteria Guadalupe Solvang	County not Eligible Guadalupe	Entire County Eligible	Entire County Eligible

Eligible Jurisdictions by Program FY 2007/2008

(This table is subject to change. Any such changes will be reflected in program NOFAs and updated in the next Annual Plan)

	CDBG	HOME	ESG	HOPWA
Santa Clara	None	County not Eligible Gilroy Cupertino City Milpitas Palo Alto	Santa Clara County and all jurisdictions eligible <u>except</u> for San Jose	None
Santa Cruz	Santa Cruz County Capitola Scotts Valley	Santa Cruz County Capitola Scotts Valley Watsonville	Entire County Eligible	Entire County Eligible
Shasta	Shasta County Anderson Shasta Lake	Shasta County Anderson Shasta Lake	Entire County Eligible	Entire County Eligible
Sierra	Sierra County Loyalton	Sierra County Loyalton	Entire County Eligible	Entire County Eligible
Siskiyou	Siskiyou County Dorris Dunsmuir Etna Fort Jones Montague Mount Shasta Tulelake Weed Yreka	Siskiyou County Dorris Dunsmuir Etna Fort Jones Montague Mount Shasta Tulelake Weed Yreka	Entire County Eligible	Entire County Eligible
Solano	Solano County Benicia Dixon Rio Vista Suisun City	Solano County Benicia Dixon Fairfield Rio Vista Suisun City Vacaville	Entire County Eligible	Entire County Eligible
Sonoma	None	County not Eligible Petaluma	County not Eligible Petaluma Santa Rosa	Entire County Eligible
Stanislaus	County not Eligible Hughson Riverbank	County not Eligible Hughson Riverbank	County not Eligible Hughson Riverbank Turlock	Entire County Eligible

Eligible Jurisdictions by Program FY 2007/2008

(This table is subject to change. Any such changes will be reflected in program NOFAs and updated in the next Annual Plan)

	CDBG	HOME	ESG	HOPWA
Sutter	Sutter County Live Oak	Sutter County Live Oak Yuba City	Entire County Eligible	Entire County Eligible
Tehama	Tehama County Corning Red Bluff Tehama	Tehama County Corning Red Bluff Tehama	Entire County Eligible	Entire County Eligible
Trinity	Trinity County	Trinity County	Entire County Eligible	Entire County Eligible
Tulare	Tulare County Dinuba Exeter Farmersville Lindsay Woodlake	Tulare County Dinuba Exeter Farmersville Lindsay Porterville Tulare Woodlake	Entire County Eligible	Entire County Eligible
Tuolumne	Tuolumne County Sonora	Tuolumne County Sonora	Entire County Eligible	Entire County Eligible
Ventura	None	County not Eligible Camarillo Simi Valley Thousand Oaks	County not Eligible Camarillo San Buenaventura Simi Valley Thousand Oaks	Entire County Eligible
Yolo	Yolo County West Sacramento Winters	Yolo County West Sacramento Winters Woodland	Entire County Eligible	None
Yuba	Yuba County Wheatland	Yuba County Marysville Wheatland	Entire County Eligible	Entire County Eligible

Appendix B

Eligible CDBG / HOME Counties ¹	Percentage of population in Poverty ²	Percentage of non- white individuals (including Hispanic) ³
Alpine	19.5%	28.2%
Amador	9.2%	17.6%
Butte	19.8%	20.0%
Calaveras	11.8%	12.5%
Colusa	16.1%	52.0%
Del Norte	20.2%	29.9%
El Dorado	7.1%	15.1%
Fresno	22.9%	60.3%
Glenn	18.1%	37.4%
Humboldt	19.5%	18.4%
Imperial	22.6%	79.8%
Inyo	12.6%	25.6%
Kern	20.8%	50.5%
Kings	19.5%	58.4%
Lake	17.6%	19.5%
Lassen	14.0%	29.4%
Los Angeles	17.9%	68.9%
Madera	21.4%	53.4%
Mariposa	14.8%	15.1%
Mendocino	15.9%	25.1%
Merced	21.7%	59.4%
Modoc	21.5%	18.9%
Mono	11.5%	23.5%
Monterey	13.5%	59.7%
Napa	8.3%	30.9%
Nevada	8.1%	9.7%
Orange	10.3%	48.7%
Placer	5.8%	16.6%
Plumas	13.1%	11.3%
Riverside	14.2%	49.0%
San Benito	10.0%	54.0%
San Bernardino	15.8%	56.0%
San Luis Obispo	12.8%	23.9%

Eligible CDBG / HOME Counties ¹	Percentage of population in Poverty ²	Percentage of non-white individuals (including Hispanic) ³
Santa Barbara	14.3%	43.1%
Santa Clara	7.5%	55.8%
Santa Cruz	11.9%	34.5%
Shasta	15.4%	13.6%
Sierra	11.3%	9.7%
Siskiyou	18.6%	16.7%
Solano	8.3%	50.8%
Sonoma	8.1%	25.5%
Stanislaus	16.0%	42.7%
Sutter	15.5%	39.8%
Tehama	17.3%	21.5%
Trinity	18.7%	13.4%
Tulare	23.9%	58.2%
Tuolumne	11.4%	14.9%
Ventura	9.2%	43.2%
Yolo	18.4%	41.9%
Yuba	20.8%	34.7%

¹ Eligible CDBG and HOME jurisdictions in each listed county are detailed in Appendix A

² US 2000 Census Summary File 3 (SF3) P87 Poverty Status in 1999

³ US 2000 Census Summary File 1 (SF1) P4 Hispanic and Latino Race

APPENDIX C

Eligible Jurisdictions Applying/Receiving State CDBG Funds

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
F= applied and funded; A = applied and NOT funded; Blank = no application received; Crosshatch = not eligible for funding						
Alpine County						
Alpine County	A	F	F		A	
Amador County						
Amador City				A		
Amador County	A	F		F		F
Ione	F	A	F	F		F
Jackson	F	F	F	F		
Plymouth	F			F		F
Sutter Creek						
Butte County						
Biggs	F	A	F	F		F
Butte County	F	A	F		F	F
Gridley	F	F	F	F	F	F
Oroville	F	F	F	F	F	F
Paradise						
Calaveras County						
Angels Camp	F			F		F
Calaveras County	F	F	F	A		F
Colusa County						
Colusa	F	F	F	F		
Colusa County	F	F	F	F	F	F
Williams		F	F		F	
Del Norte County						
Crescent City	F	F	F	F	F	F
Del Norte County	F	F	F	F	F	F

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
F= applied and funded; A = applied and NOT funded; Blank = no application received; Crosshatch = not eligible for funding						
El Dorado County						
El Dorado County	A	F	F	F	F	F
Placerville						
South Lake Tahoe	F	F	F	F	F	F
Fresno County						
Firebaugh					F	F
Fowler	F	F	A			
Huron	F	F	F	F	F	F
Mendota	F	F	F			
Orange Cove	F	F	F	F	F	
San Joaquin	F	F				F
Glenn County						
Glenn County	F	F	F	F	F	F
Orland	F		F	F	F	
Willows	F	F	F	A	F	F
Humboldt County						
Arcata	F	F	F	F	F	F
Blue Lake	F	F		F		F
Eureka	F	F		F	F	F
Ferndale		A				
Fortuna		A		F		F
Humboldt County	F	F	F	F	F	F
Rio Dell	F	A	F	F	F	F
Trinidad		A				
Imperial County						
Brawley	F	F	F	F	F	F
Calexico	F	F				F
Calipatria	F	F		F		
El Centro	F	F	F	F		
Holtville		F				F
Imperial	F	F	F	F		
Imperial County		F	F	F	F	F
Westmorland	F	F	F		F	F

	2000- 2001	2001- 2002	2002- 2003	2003- 2004	2004- 2005	2005- 2006
F= applied and funded; A = applied and NOT funded; Blank = no application received; Crosshatch = not eligible for funding						
Inyo County						
Bishop		A			F	F
Inyo County		A	F	F		
Kern County						
Delano	F	F	F	F	F	F
Maricopa						
Ridgecrest						
Taft	F				F	F
Wasco			F	F	F	F
Kings County						
Avenal	F	F	F	F	F	F
Corcoran	F	F	F	F	F	F
Hanford	F	F	F	F		
Kings County	F	F	F	F		
Lemoore	F	F	F			
Lake County						
Clearlake	F	A	F	F	F	F
Lake County	F	F	F	F		F
Lakeport		F	F	F		
Lassen County						
Lassen County	F	F	F	F	F	F
Susanville	F	F	F	F	F	F
Los Angeles County						
Avalon	A					
Bradbury						
Calabasas						
Hermosa Beach						
Hidden Hills						
Industry						
Palos Verdes Estates						
Vernon	A					

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
F= applied and funded; A = applied and NOT funded; Blank = no application received; Crosshatch = not eligible for funding						
Madera County						
Chowchilla	F	F		F	F	A
Madera					F	
Madera County	A	F	F	F	F	F
Mariposa County						
Mariposa County	A	F		F		
Mendocino County						
Fort Bragg	F	F	F	F	F	F
Mendocino County	F	F	F	F	F	F
Point Arena			F	F	F	
Ukiah	F	A	F		F	A
Willits	A	A	F			
Merced County						
Atwater	F	F	F	F	F	F
Dos Palos				F		F
Gustine					F	
Livingston	F		F	F	F	F
Los Banos	F	F		F		F
Merced County	F	F	F	F		F
Modoc County						
Alturas	F	A	F	F		
Modoc County	F		F	F	A	A
Mono County						
Mammoth Lakes				F	F	F
Mono County	F	A	F	F		F
Monterey County						
Carmel						A
Del Rey Oaks						A
Gonzales	F	F	F	F	F	F
Greenfield	F	F	F	F	F	
King City			F			F
Marina	F	F	A		F	
Monterey County	F	F	F	A		A

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
F= applied and funded; A = applied and NOT funded; Blank = no application received; Crosshatch = not eligible for funding						
Pacific Grove	F	F			F	F
Sand City	F		F			
Soledad	F	F	F	F		F
Napa county						
American Canyon		A				
Calistoga		F			F	F
Napa county						
St Helena				F		
Yountville						
Nevada County						
Grass Valley		F	F	F	F	F
Nevada City				F	F	
Nevada County	F	F	F	F	F	F
Truckee		F	F	F	F	F
Orange County						
Aliso Viejo						
San Juan Capistrano	A	A		F		F
San Clemente						
Placer County						
Auburn	A					F
Colfax	F	F		F		A
Lincoln	F	F	F	F	F	A
Loomis	A					
Placer County	F	F	F	F	F	F
Rocklin	F					
Plumas County						
Plumas County	F	F	F	F		F
Portola	A	F	F	F		
Riverside County						
Calimesa	F	F	F	F	F	F
Canyon Lake						
Coachella	F	F	F	F	F	F
Indian Wells						
Rancho Mirage						

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
F= applied and funded; A = applied and NOT funded; Blank = no application received; Crosshatch = not eligible for funding						
San Benito County						
Hollister						
San Benito County	A	F	F	F	F	A
San Juan Bautista	A					
San Luis Obispo						
Arroyo Grande						
Morro Bay		F		F		F
Pismo Beach						
San Mateo County						
Atherton						
Santa Barbara County						
Buelton						A
Carpinteria						A
Goleta						
Guadalupe	F					F
Santa Barbara County	F	F	F	F		F
Solvang						
Santa Cruz County						
Capitola	F	F		F		F
Santa Cruz County				A		
Scotts Valley				A		
Shasta County						
Anderson	F	F		F		A
Shasta County	F	F	F	F		
Shasta Lake	A	F	F	F		F
Sierra County						
Loyalton		F		F		
Sierra County		F		F		
Siskiyou County						
Dorris	F		F	F	F	F
Dunsmuir	F	F	F		F	F

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
F= applied and funded; A = applied and NOT funded; Blank = no application received; Crosshatch = not eligible for funding						
Etna	F	A	F	F	F	F
Fort Jones		F		F	F	F
Montague	F	F	F	F	F	F
Mount Shasta	F	F	F	F	F	
Siskiyou County	F	F	F	F	F	F
Tulelake	F	F	F		F	F
Weed	F	F	F	F	F	F
Yreka	F	F	F			F
Solano County						
Benicia	F					
Dixon		F	A	F	F	A
Rio Vista		F				F
Solano County	F					
Suisan City	F		A			
Stanislaus County						
Ceres	F					
Hughson		F		F	F	
Newman	F		F			
Oakdale		F				
Patterson		F				
Riverbank	F	F	F	F	F	F
Stanislaus County	F	A				A
Waterford		F				
Sutter County						
Live Oak	F	F	F	F		A
Sutter County	F	F	A		F	A
Tehama County						
Corning	F	F	F			A
Red Bluff	F	F	F	F	F	
Tehama	F	F	F	F	F	A
Tehama County	F	A	F	F		F
Trinity County						
Trinity County	F	A	F	F	F	F
Tulare County						
Dinuba	F	F	F	F	F	F

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
F= applied and funded; A = applied and NOT funded; Blank = no application received; Crosshatch = not eligible for funding						
Exeter	F	F	F		F	F
Farmersville	F	F	F	F	F	F
Lindsay	F	F	F	F	F	F
Porterville						
Tulare County	F	F	F	F	F	F
Woodlake	F		F	F		F
Tuolumne County						
Sonora	F		F		F	F
Tuolumne County	F	F	F	F	F	F
Yolo County						
West Sacramento		F	F	F	F	F
Winters			A	A		F
Yolo County	F			F	F	F
Yuba County						
Marysville	F	F		F		
Wheatland					F	
Yuba County	F	F		F	F	F

Appendix D

HOPWA Eligible Activities

DIRECT HOUSING SERVICES	Definition of Eligible Activities
Short Term Emergency Rent, Mortgage, and Utility Payments (STRMU)	<ol style="list-style-type: none"> 1. This assistance must alleviate or prevent homelessness of the tenant or owner occupant of a dwelling. 2. Emergency rent, mortgage, and utility payments are limited to no more than 21 weeks in a 52 week period. 3. Assistance can include: <ul style="list-style-type: none"> • payment of rent • payment of mortgage • payment of utilities
Other Rental Assistance (units assisted under this category must meet HUD Section 8 Housing Quality Standards)	<ol style="list-style-type: none"> 1. Project-based rental assistance/master leasing (Rental subsidies that are provided to residents of certain units within a specific building. When the residents move, the rental subsidy remains with the unit to be used by the next eligible client.) 2. Tenant-based rental assistance (Rental subsidies that are provided to the residents to be used in any eligible unit chosen by the client. If the client moves, the rental subsidy remains with the client to be used in another eligible unit.) 3. Shared housing arrangements (may be used when two or more people are sharing a home)
HIV/AIDS Facility Operating Costs	<p>This activity pertains to all costs associated with the ongoing operations of a housing project that targets PLWH. This includes <u>licensed</u> and <u>unlicensed</u> HIV/AIDS <u>facilities</u>. Such costs include:</p> <ul style="list-style-type: none"> • Furnishings • Operational costs (staff, etc.) • Supplies and Materials • Insurance • Utilities • Security • Maintenance • Equipment

Capital Development Costs	<p>This category includes acquisition of a building or site, new construction, rehabilitation, conversion, lease and repair of facilities to provide housing for persons living with HIV/AIDS. Activities include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Land acquisition • Acquisition: single family units, apartments, duplexes, single room occupancy hotels, condominiums • Rehabilitation: <ol style="list-style-type: none"> 1) Minor or major repairs of building or unit 2) Conversion of non-residential building to a residential building • New Construction: Costs associated with the construction of single room occupancy dwellings and community residences only
OTHER SERVICES	Definition of Eligible Activities
Technical Assistance	<p>These costs <u>must</u> pertain to the establishment and operations of a community residence.</p> <ul style="list-style-type: none"> • Planning costs • Community outreach and educational activities regarding AIDS or related diseases for persons residing in proximity to the proposed residence. • Development of long term planning documents • Development of AIDS housing needs assessment
Resource Identification	<ul style="list-style-type: none"> • Activities specific to identifying housing resources. Does not include housing referral services. • Assistance in establishing, coordinating and/or developing housing assistance resources for eligible persons. • Hiring staff or consultants to develop housing finance package for a specific housing project • Conducting preliminary research • Determining feasibility of specific housing-related initiatives • Market studies
Housing Information Services	<ul style="list-style-type: none"> • Housing Counseling • Information Services • Referral services to assist an eligible person to locate, acquire, finance, and/or maintain housing. • Fair Housing counseling for people who have encountered discrimination on the basis of race, religion, sex, age, national origin, familial status, or handicap.

Capital Development Costs	<p>This category includes acquisition of a building or site, new construction, rehabilitation, conversion, lease and repair of facilities to provide housing for persons living with HIV/AIDS. Activities include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Land acquisition • Acquisition: single family units, apartments, duplexes, single room occupancy hotels, condominiums • Rehabilitation: <ul style="list-style-type: none"> 1) Minor or major repairs of building or unit 2) Conversion of non-residential building to a residential building • New Construction: Costs associated with the construction of single room occupancy dwellings and community residences only
OTHER SERVICES	Definition of Eligible Activities
Supportive Services (Funding for Supportive Services may not exceed 25% of the HOPWA contract amount.)	<ul style="list-style-type: none"> • Case management & benefits counseling related to health benefits, nutritional services, personal assistance • Food, nutritional services/meals • Day Care • Drug and alcohol abuse treatment and counseling • Health Services, mental health services, assessments • Intensive care when required • Transportation
Supportive Services – Permanent Housing Placement (exempt from 25% of HOPWA contract limitation)	<ul style="list-style-type: none"> • Payments for a short term rent in a supported housing facility (Residence is limited to no more than 60 days in a 6-month period) can include motel/hotel vouchers while searching for permanent housing. • Security deposits not to exceed 2 months rent costs • Credit check fees • One-time utility hookup and processing costs • Support help to complete permanent housing applications, eligibility screenings, and eligibility for tenancy or utilities • Life skills and housing counseling on unit cleaning, maintenance and household budgeting

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Appendix E

Department of Housing and Community Development

Proposition 46 and Proposition 1C Housing Programs

As of March 1, 2007

Program	Description	Current/Next NOFA Date	NOFA Amount	Web Page	Contact Information
Rental Programs					
Governor's Homeless Initiative	Interagency funds (HCD, CAIHFA, DMH) for supportive housing for persons with severe mental illness who are chronically homeless	11/15/05	Approx. \$19 million remaining, Prop 46	www.hcd.ca.gov/fa/mhp/	(916) 323-3178 multifamilyhousingsection@hcd.ca.gov
Multifamily Housing Program (MHP) - General	Low-interest loans for development of affordable rental housing	1/25/07	\$70 million	www.hcd.ca.gov/fa/mhp/	(916) 323-3278 multifamilyhousingsection@hcd.ca.gov
Multifamily Housing Program-Supportive Housing (MHP-SH)	Loans for rental housing with supportive services for the disabled who are homeless or at risk of homelessness	1/3/07	\$37 million plus approx. \$10 million Prop 46	www.hcd.ca.gov/fa/mhp/	(916) 323-3278 multifamilysection@hcd.ca.gov

Program	Description	Current/Next NOFA Date	NOFA Amount	Web Page	Contact Information
Multifamily Housing Program - Homeless Youth	Housing with supportive services for homeless youth	1/31/07	\$24 million	www.hcd.ca.gov/fa/mhp/	
<u>Homeownership Programs</u>					
CalHome	<u>Grants</u> to local public agencies and nonprofits to fund first-time homebuyer mortgage assistance and owner-occupied housing rehabilitation.	2/13/07	\$50 million	www.hcd.ca.gov/fa/calhome	(916) 327-3646 mlawson@hcd.ca.gov
	<u>Loans</u> to local public agencies and nonprofits to fund homeownership development projects. Funds become grants as qualifying households occupy units.	Summer 2007	\$10 million		
Building Equity and Growth in Neighborhoods (BEGIN)	Grants to cities and counties that adopt measures to encourage affordable housing, to make second mortgage loans to low and moderate income homebuyers.	March 2007	\$40 million	www.hcd.ca.gov/fa/begin/	(916) 327-3646 mlawson@hcd.ca.gov

Program	Description	Current/Next NOFA Date	NOFA Amount	Web Page	Contact Information
CalHome Self-Help Housing Technical Assistance Allocation	Grants to organizations to assist low and moderate income households who build their own homes.	March 2007	\$3 million	www.hcd.ca.gov/fa/cshhp/	(916) 445-9581 dfrankli@hcd.ca.gov
Farmworker Housing					
Joe Serna Jr. Farmworker Housing Grant Program (Serna)	Grants and loans for construction or rehabilitation of <u>ownership</u> housing for farmworkers	12/28/06	\$10 million	www.hcd.ca.gov/fa/fwhg/	(916) 324-0695 cgaines@hcd.ca.gov
	Grants and loans for construction or rehabilitation of <u>rental</u> housing for farmworkers	1/18/07	\$15 million		
Other Programs					
Emergency Housing and Assistance Program Capital Development (EHAPCD)	Deferred payment loans for capital development of emergency shelters and transitional housing for the homeless (no operating subsidy authorized)	11/9/06; closed 2/8/07	\$31 million (Prop 46)	www.hcd.ca.gov/fa/ehap/ehap-capdev.html	(916) 445-0845 pdyer@hcd.ca.gov
		November 2007 (to offer both Prop 1C and Prop 46 funds)	Approx. \$10 million Prop 1C and \$20 million Prop 46		

Program	Description	Current/Next NOFA Date	NOFA Amount	Web Page	Contact Information
Workforce Housing Reward Program (WFH)	Grants to cities and counties that approve new housing affordable to low or very-low income households	May 2006, applications due by 3/21/07	\$23 million (Prop 46)	www.hcd.ca.gov/fa/whrp/	(916) 445-4725
Affordable Housing Innovation Fund	Funding for pilot programs to demonstrate innovative, cost-saving ways to create or preserve affordable housing	January 2008	\$25 million	TBA	
Infill Incentive Grant Program	Funding of public infrastructure (water, sewer, traffic, parks, site cleanup, etc.) to facilitate infill housing development	January 2008	To be determined	TBA	
Transit-Oriented Development Program	Funding for housing and related infrastructure near transit stations	Summer 2007	\$95 million	www.hcd.ca.gov/fa/tod	
Housing Urban-Suburban-and-Rural Parks	Grants for housing-related parks	January 2008	To be Determined	TBA	

Proposition 46 Housing Programs

As of February 2004

California Housing Finance Agency (CalHFA) Programs

	Description	Bulletin Release	Funding Available	First Reservation	Total Available Funds	Web Page	Contact Information
California Homebuyer's Downpayment Assistance Program (CHDAP)	Deferred 3% downpayment assistance loans for first-time moderate income homebuyers.	Jan 29, 2003	\$50 million	Jan 1, 2003	\$111.6 million	www.calhfa.ca.gov	(916) 322-1353 kogg@calhfa.ca.gov
Homeownership In Revitalization Areas Program (HIRAP)	Deferred downpayment assistance, not to exceed 6% of the sales price, targeted to first-time low income homebuyers purchasing in revitalization areas.	Feb 26, 2003	\$11.9 million	Currently taking reservations	\$11.9 million	www.calhfa.ca.gov	(916) 322-5277 mmauldin@calhfa.ca.gov
School Facility Fee Downpayment Assistance Program	Downpayment assistance grants for homebuyers of newly constructed homes.	Feb 26, 2003	\$47.5 million	February 2003	\$47.5 million	www.calhfa.ca.gov	(916) 322-1383 dclark@calhfa.ca.gov
Mortgage Insurance	Mortgage Insurance for home mortgages.	Available	\$80.75 million	January 2003	\$80.75 million	www.calhfa.ca.gov	(916) 324-3315 gcarter@calhfa.ca.gov
Extra Credit Teacher Home Purchase Program (Extra Credit Teacher Program)	Provides downpayment assistance the greater of 3% of the sales price or \$7,500 (3% or \$15,000 in high cost counties) to eligible teachers, administrators, credentialed staff and certified employees.	Jul 1, 2003	\$23.75 million	July 2003	\$23.75 million	www.calhfa.ca.gov	(916) 322-1383 dclark@calhfa.ca.gov
Preservation Acquisition Program	Financing to preserve "at risk" government assisted rental developments for low to very low income occupants.	Apr 1, 2003	\$42.75 million	Available	\$42.75 million	www.calhfa.ca.gov	(916) 324-5698 jiliska@calhfa.ca.gov

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Appendix F

SUMMARY OF CITIZEN COMMENTS

Last year, the National Housing Law Project and California Rural Legal Assistance submitted comments on the 2006/2007 Annual Plan Update. Appendix F of the 2006-2007 Annual Plan Update addressed concerns raised regarding Section 3 requirements. The 2006/2007 HCD Response is included in its entirety below.

Although HCD's prior response to comments incorporated the Section 3 provisions of the CDBG and HOME contract manuals into the prior Annual Plan Update by reference, the Draft Annual Plan Update for 2007/2008 did not specifically reiterate this. Therefore, NHLP submitted their comment for response again this year. Both the HOME program and the CDBG program have responded in greater detail. Those Responses follow the 2006/2007 Comment/Response language below. The Section 3 language will be incorporated into the body of the Annual Plan for 2008/2009.

Response to comment received on the 2006/2007 Annual Plan as detailed in Appendix F (page 101) of the 2006-2007 Annual Plan Update:

Comment: The National Housing Law Project and California Rural Legal Assistance commented about the State's compliance with HUD's Section 3 requirements relating to compliance with federal equal opportunity employment and fair housing laws. They stated that the draft Annual Action Plan did not mention the State's compliance with Section 3 requirements and included no specific Section 3 hiring or contracting goals. They asserted that the failure to adopt at least the minimum Section 3 goals in the Annual Plan make it impossible for the State to certify compliance and file reports regarding Section 3 compliance with HUD, as is required.

HCD Response: The State's commitment to compliance with Section 3 is included in the "Certifications" Section of the draft Annual Action Plan. This HUD requirement and the goals and objectives are published in the Department's CDBG and HOME Contract Management Manuals which provide a detailed description of Section 3 requirements, including Section 3 triggers, hiring and contracting goals, preferences for providing section 3 opportunities, and compliance tips. These manuals are incorporated into this document by reference and are available on the Department's website at:

- CDBG - <http://www.hcd.ca.gov/fa/cdbg/gmm/> (see Chapter 4, "Equal Opportunity and Fair Housing." A copy of the Section 3 Reporting form is included in Chapter 10, "Reporting" beginning on page 10-55)
- HOME - <http://www.hcd.ca.gov/fa/home/manual2006> (see Chapter 13, "Equal Opportunity Employment and Contracting.")

In addition, the State assists recipients with Section 3 compliance by providing for the following:

- All Standard Agreements include general requirements to comply with Section 3. All recipients are required to notify labor organizations and organizations with which they have collective bargaining agreements of the Recipient's commitments under the Section 3 Clause. Recipients are also required to include the Section 3 Clause in every contract and subcontract in connection with their funded projects.
- Recipients, and their subcontractors if applicable, must submit annual Section 3 compliance reports on the number of Section 3 residents and businesses provided economic opportunities, as well as their Section 3 outreach activities. This information is aggregated and reported to HUD. The Department also describes completion of the Section 3 Report in HCD's Annual Report, and includes copies of the form in the Annual Report. On-site monitoring visits for compliance with program requirements include a review for compliance with Section 3 requirements.

Comments received on the Draft 2007-2008 Annual Plan Update:

Comment: The National Housing Law Project and California Rural Legal Assistance reiterated their comment about the State's compliance with HUD's Section 3 requirements relating to compliance with federal equal opportunity employment and fair housing laws. They stated that the draft Annual Action Plan did not mention the State's compliance with Section 3 requirements and included no specific Section 3 hiring or contracting goals. They raised the concern that omission of minimum Section 3 goals in the Annual Plan make it impossible for the State to certify compliance and file reports regarding Section 3 compliance with HUD, as is required. This year, their comments proposed a rating factor to address compliance with Section 3, and also questioned whether the new proposed emergency use of CDBG funds would increase pressure to use the funds to benefit other than lower income individuals and families.

HCD Response (HOME): A new rating factor for Section 3 is not the most effective way to address compliance. In FY 2005-06, HOME recipients exceeded the Section 3 construction contracting goal (10%) by awarding 15% of the total dollar amount of all construction contracts to Section 3 businesses. While HOME recipients did not meet the non-construction contracting goal (3%), or the Section 3 new hire goal (30%), construction contractors working on HOME-funded projects reported having a total of 390 Section 3 employees and trainees. The Department believes that additional technical assistance is a more effective way to meet Section 3 goals rather than having a rating factor.

As stated in last year's response to the comments on Section 3, (found in Appendix F of the 06-07 Annual Plan,) the Department continues to provide technical assistance on compliance with Section 3 through its contract management training and contract management manual. See <http://www.hcd.ca.gov/fa/home/manual2006/13/> for a copy of HOME's contract management chapter on Equal Opportunity in hiring which addresses Section 3.

In addition, HOME assists recipients with Section 3 compliance by providing for the following:

- All Standard Agreements include general requirements to comply with Section 3. All recipients are required to notify labor organizations and organizations with which they have collective bargaining agreements of the recipient's commitments under the Section 3 Clause. Recipients are also required to include the Section 3 Clause in every contract and subcontract in connection with their funded projects.
- Recipients, and their subcontractors if applicable, must submit annual Section 3 compliance reports on the number of Section 3 residents and businesses provided economic opportunities, as well as their Section 3 outreach activities. This information is aggregated and reported to HUD. The Department also describes completion of the Section 3 Report in HCD's Annual Report, and includes copies of the form in the Annual Report. On-site monitoring visits for compliance with program requirements include a review for compliance with Section 3 requirements.

HOME will continue to train and monitor its State Recipients and CHDOs on achieving Section 3 goals, including the new hire goal, and the non-construction contracting goal. The HOME is receptive to any other available community-based training opportunities for State Recipients, CHDOs, and their contractors on establishing Section 3 programs within their organizations.

HCD Response (CDBG): The Community Development Block Grant (CDBG) program requires, monitors and measures Section 3 compliance.

Section 3 requirements are addressed in contract language in Exhibit E of the standard agreement that the Department executes with each of its grantees. Following is the language used in the standard agreement.

- The grant activity to be performed under this agreement is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u.
- Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in 24 CFR 135.34(a)(2).
- The parties to this agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this agreement. The parties to this agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.

- The Grantee will include these Section 3 clauses in every contract and subcontract for work in connection with the grant activity and will, at the direction of the State, take appropriate action pursuant to the contract or subcontract upon a finding that the Grantee or any contractor or subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR Part 135 and will not let any contract unless the Grantee or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this agreement shall be a condition of the Federal financial assistance provided to the grant activity, binding upon the Grantee, its successors, and assigns. Failure to fulfill these requirements shall subject the Grantee, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the agreement through which federal assistance is provided, and to such sanctions as are specified by 24 CFR Part 135.

The Department monitors grantee compliance with Section 3. On-site grant monitoring specifically requires the grantee provide the following documentation if the grant award exceeds \$200,000 and grant funds are used for housing rehabilitation, housing construction or public construction and where contractors and subcontractors working on these activities have a contract amount that exceeds \$100,000. (24 CFR Ch. 1 Part 135, Subpart A, 135.3 570.487(d)):

- Submittal of an annual Section 3 report to HCD (required beginning 1995/96)
- An explanation of efforts the grantee has made to offer training and employment opportunities to Section 3 residents for any employee vacancies in positions involved in working on CDBG activities covered by Section 3.
- A description of how the grantee ensures compliance with Section 3 in its operations and compliance in the operations of its contractors and subcontractors.

Lastly, the Department measures the implementation of the Section 3 requirements. Each grantee that meets the requirements of Section 3 must submit Form HUD-60002 to the Department. The Department then collates all the information and completes Form HUD-60002 which is forwarded to HUD. In addition we complete and submit Form HUD-2516 which deals with contracts and subcontracts.

Emergency Regulations: In regard to concerns raised that the CDBG program may not meet the requirement that 70 percent of CDBG funds must benefit low and moderate income individuals and households due to some future pressure, the Department reiterates that CDBG funds have met and will continue to meet the requirement that not less than 70 percent of all CDBG funds must be used to benefit low and moderate income individuals and families. The percent of low and moderate income benefit for the 06/07 general program funding cycle, based on sixteen funded applications, is projected at over 90 percent. The specific intent of the emergency regulations is to assist low and moderate income individuals and families who are affected in an emergency. In the current emergency Notice

of Funding Availability (NOFA), the goal is to assist those businesses, farm workers and their families who are adversely affected by the January 2007 Freeze. So far, the Department has awarded one grant under this NOFA and it has 100 percent benefit for low and moderate income households. Two other applications have been submitted and while they have not been approved as of this date, they are both proposing 100 percent benefit to low and moderate income individuals and households.

The Department anticipates that any future emergency NOFA's will be developed in such a way to maximize the benefit to low and moderate income households. All funded applications are required to meet a national objective and to be an eligible activity. These standards minimize the opportunity to use these funds for other than low income households.

The emergency regulations have been adopted.

Comment: Public comments received proposed that Indian Tribes be allowed to apply for HOME funds directly as State Recipients.

Response: The Department currently does not have the legal authority to allow the use of HOME funds on Indian tribal land because the Consolidated Plan does not include the HUD-required statement that this is eligible.

The Department recognizes that many Indian Tribes believe that the funding provided by the Native American Housing and Self Determination Act (NAHSDA), which replaced the Native American HOME Program, is inadequate to meet housing needs on tribal land. Therefore, pursuant to federal HOME Regulation 92.201 (b)(5), the State has amended its 2007 Annual Plan Update to the 2005-2010 Consolidated Plan to permit HOME funds to be used on Indian Reservations consistent with applicable State and federal requirements.

However, this amendment does not authorize Indian tribes to be list of eligible applicants. Eligible applicants are still defined by the State HOME regulations as cities, counties, and Community Housing Development Organizations (CHDOs). A tribe can form a CHDO and apply for certification pursuant to the requirements of Section 8204.1. Once certified, the CHDO can apply for HOME funds for an activity on Indian tribal land. A city, county, or other certified CHDO can also apply for an activity located on tribal land.

Tribes interested in receiving funds under the 2007 HOME NOFA should work with HOME-eligible cities, counties, or CHDOs to submit an application. Tribes wishing to apply directly as CHDOs must submit all of their CHDO certification documents to the Department by June 15, 2007. Tribes are encouraged to contact the Department for assistance.

There still remains the requirement by HUD that there be an enforceable deed restriction imposing all HOME requirements. If this and other applicable requirements can be addressed the Department will initiate an amendment, subject to the State regulation process, to the State HOME regulations to add Indian tribes as eligible applicants. These issues would also need to be addressed in any 2007 application for HOME funding.

Comment: Self-Help Enterprises requested clarification of what portion of the proposed CDBG General Allocation has already been committed by forward funding.

Response: In 05/06 funding year, CDBG initiated a three year funding cycle for 60 applications. The applicants could apply for up to \$1.5 million spread over a three year period. The reservation of funds enabled the grantee to access funds as of July 1 of each grant year without reapplying through the NOFA process. This reservation of funds was widely received as a move to ensure a larger grant amount and access each year of funds without reiterating the rating and ranking process for the same activity.

Consequently, for 06/07 and for 07/08 HUD has reduced the annual allocation the State received, thus reducing the funds that would have been in excess of the reserved grants. The 60 grants in the three year award cycle will be encumbering \$23.4 million in 07/08 funds. SB 1461 (Salinas), contained in Chapter 197, Statutes of 2005 the Department to 2009 to evaluate the results of three year funding and reservations of funds (also termed fast forwarding) and whether the plan was successful and met the goals and objectives as intended. The three year funding process will sunset in 2009.

Also, any returned or disencumber funds may be released with Department discretion in a NOFA for the 07/08 cycle, for example the \$10 million for the public works NOFA that was released in 06/07. Please note the three year funding excludes economic development and planning and technical assistance grants.

Comment: Yolo County asked when CDBG Emergency Funding regulations had or would be released.

Response: The emergency regulations have been adopted. The Notice of Funding Availability and Application have been released and the Department is accepting applications on an over-the-counter basis. The application is available on the Department's website at http://www.hcd.ca.gov/fa/cdbq/funds/freeze/Freeze_Disaster_Application.pdf

Comment: A comment was raised regarding the FESG Goal 4 Objectives as to whether FESG will simplify reporting requirements. The concern was raised that the level of detail required in the reports was cumbersome for smaller, rural agencies.

Response: Reporting requirements have not changed due to regulatory requirements. However, FESG has taken steps over the past two years to revise and edit the reporting forms, the Program Activity Report, and the Quarterly Reports with instructions. Additionally, the staff has performed the following tasks in simplifying the reporting requirements:

- Updated the Grant Management Manual to further assist grantees with reporting requirements.
- Conducted Grant Management Training for grantees.
- Revised the Instructions to the PAR and Quarterly Report.
- Revised the Annual Performance Report form and Instructions to comply with HUD guidelines.

- Placed all FESG forms and Grant Management Manual on the HCD website.
- Provided a self-certification feature to grantees unable to attend workshop
- Minimized mathematical errors through rounding to insure consistency of all dollar expenditures reported on PARS.

In terms of monitoring, the FESG program has revised its Risk Assessment Tool to identify the grantees with the most reporting problems or errors in reporting, including late reporting.

In all, the regulatory aspects of the FESG program are met and the reporting requirements, although not reduced, are more easily understood. Over the past two years, the level of correct and timely reporting has increased. Much of this is due to FESG changes and staff technical assistance.

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<p>Appendix G English and Spanish Public Notices</p>
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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**Division of Housing Policy Development**

1800 Third Street, Suite 430
 P. O. Box 952053
 Sacramento, CA 94252-2053
 (916) 323-3177 / FAX (916) 327-2643
www.hcd.ca.gov



March 30, 2007

FOR IMMEDIATE POSTING**PUBLIC NOTICE FOR COMMENT**

**Draft 2007/2008 Annual Plan of the State of California's
 Five Year Consolidated Plan (2005-2010)**

The State of California, Department of Housing and Community Development (Department), is soliciting public review and comment on the Draft 2007/2008 Annual Plan for the State of California's Consolidated Plan FY 2005-2010.

The Consolidated Plan is updated annually and submitted to HUD to enable the State to administer approximately \$109 million in federal funds under the Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) programs. The State Consolidated Plan is primarily applicable to nonentitlement jurisdictions that are eligible to compete for allocation of these funds by the State.

The FY 2005-2010 Consolidated Plan, for which the annual update has been prepared:

1) identifies housing needs and problems; 2) analyzes market conditions and resources; 3) sets priorities and adopts strategies for addressing the identified needs; 4) describes criteria and procedures for allocating resources; and 5) contains an which identifies federal funds expected to be used, indicating the activities on which they will be spent, and sets goals for the number and type of households to be assisted in the applicable federally-funded programs.

The public review period for these documents is 30 days, which begins **April 1, 2007 through April 30, 2007**. The Department must receive all comments on these documents by **April 30, 2007**. Comments may be submitted by mail to the Department at 1800 Third Street, Room 430, Sacramento, CA 95814, fax (916) 327-2643 or email to jmyle@hcd.ca.gov. If you have any questions, please contact the Department at (916) 445-4728. The Draft 2007/2008 Annual Plan is available for public review on the Department's website: www.hcd.ca.gov, or at the Department's Housing Resource Center in Room 430 and at the following depository libraries:

California State Library, Govt Publications (Sacramento)
 California State University, Library-Govt (Long Beach)
 Public Library, Serials Division (Los Angeles)
 Public Library, Science & Industry Department (San Diego)
 Stanford University Libraries, Green Library, Govt Docs
 University of Cal., Shields Library, Govt Documents (Davis)
 University of Cal., Govt Documents (San Diego/La Jolla)

California State Univ., Meriam Library (Chico)
 Free Library, Govt Publications (Fresno County)
 Public Library (Oakland)
 Public Library, Govt Documents Dept (SF)
 University of Cal, Govt Doc Library (Berkeley)
 University of California, Research Library (LA)
 University of Cal., Gov Pubs (Santa Barbara)

A limited number of copies of these documents are also available to entities or individuals unable to access one of the above sources. In addition, public hearings will be held in the following locations:

Location	Address	Date/Time	Phone No.
Redding	City Hall 777 Cypress Ave Redding, CA 96001	April 11 th (Wednesday). 10:00 a.m. – 2:00 p.m.	(530) 225-4020
Sacramento	HCD 1800 Third Street, Room 170 Sacramento, CA 95814	April 18 th (Tuesday) 11:00 a.m. – 3:00 p.m.	(916) 445-4728
Visalia	Visalia City Hall 707 W. Acequia Avenue Visalia, CA 92391	April 20 th (Friday) 10:00 a.m. – 2:00 p.m.	(559) 713-4312

If you have any questions or are in need of translators or special services, please contact the Department's Division of Housing Policy, prior to the hearing dates at (916) 445-4728. For translator or special services needs, please advise the Department within five working days of the hearing in order to facilitate the request.

This proposal has been determined to be EXEMPT from CEQA (Public Resources Code Section 21080.10(b)) and CATEGORICALLY EXCLUDED from NEPA (Title 24 Code of Federal Regulations 50.20(o)(2)).

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**Division of Housing Policy Development**

1800 Third Street, Suite 430
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30 de marzo de 2007

PARA ANUNCIO INMEDIATO AVISO PÚBLICO PARA COMENTARIO

Borrador de la Actualización Anual del Plan Correspondiente a Año Fiscales 2007/2008 del Plan Consolidado del Estado de California

El Departamento de Vivienda y de Desarrollo Comunitario del Estado de California (Department) solicita la revisión y comentarios públicos al Borrador del Plan Anual correspondiente a los años fiscales 2007/2008 del Plan Anual Consolidado del Estado de California correspondiendo a los años Fiscales 2005 a 2010.

El Plan Consolidado se actualiza anualmente y es sometido a HUD para permitir que el Estado administre aproximadamente \$109 millones en fondos federales para los siguientes programas: Subsidio Colectivo para el Desarrollo Comunitario (CDBG), HOME, Subsidio de Viviendas de Emergencia (ESG) y Oportunidades de Vivienda para Personas con SIDA (HOPWA). El Plan Consolidado del Estado es aplicable principalmente a jurisdicciones que no reciben fondos directamente de HUD, que cumplen con los requisitos para competir por la adjudicación de estos fondos por el Estado.

El Plan Consolidado correspondiente a los años Fiscales 2005 a 2010, por cual se preparó la actualización del plan anual: 1) identifica las necesidades y los problemas de vivienda; 2) analiza las condiciones y los recursos del mercado; 3) fija prioridades y adopta estrategias para dirigirse a las necesidades identificadas; 4) describe los criterios y procedimientos para adjudicar recursos; y, 5) contiene un plan anual que identifica los fondos federales que se espera utilizar, indicando las actividades en las que se invertirán, y establece metas para el número y el tipo de viviendas a ser ayudadas por los programas aplicables financiados por el gobierno federal.

El período de repaso público de estos documentos es de 30 días. Dicho período empieza el **1º de abril de 2007 y termina el 30 de abril de 2007**. El Departamento debe recibir todo comentario sobre estos documentos a más tardar el **30 de abril de 2007**. Comentario pueden mandarse por fax al (916) 327-2643, o por correo electrónico a jmyles@hcd.ca.gov. Si tiene alguna pregunta llame por favor al Departamento al (916) 445-4728. El borrador del Plan Anual correspondiente al año fiscal 2007-2008 es disponible para revisión pública en Sacramento, en el sitio web del HCD: www.hcd.ca.gov, o en el Centro de Recursos de Vivienda del HCD, en la Sala 430, así como en los departamentos de planificación de condados con al menos una jurisdicción que no recibe fondos directamente de HUD, y en las siguientes bibliotecas con acceso a información del gobierno:

California State Library, Government Publications (Sacramento)
 California State University, Library-Government (Long Beach)
 Public Library, Serials Division (Los Angeles)
 Public Library, Science and Industry Department (San Diego)
 Stanford University Libraries, Green Library, Government Docs
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 Public Library (Oakland)
 Public Library, Govt Documents Dept (SF)
 University of California, Gov Doc Library (Berkeley)
 University of California, Research Library (LA)
 University of California, Gov Pubs (Santa Barbara)

Un número limitado de copias de estos documentos también está a disposición de entidades o individuos que no pueden tener acceso a ninguna de las fuentes que anteceden. Además, se celebrarán audiencias públicas en las siguientes localidades:

Sitio	Dirección	Fecha y hora	Teléfono
Redding	City Hall 777 Cypress Ave Redding, CA 96001	April 11 th (miercoles) 10:00 a.m. – 2:00 p.m.	(530) 225-4020
Sacramento	HCD 1800 Third Street Sacramento, CA 95814	April 18th (miercoles) 11:00 a.m. – 3:00 p.m.	(916) 445-4728
Visalia	Visalia City Hall 707 W. Acequia Avenue Visalia, CA 92391	April 20th (viernes) 10:00 a.m. – 2:00 p.m	(559) 713-4312

Si tiene alguna pregunta, necesita direcciones o necesita intérprete o servicios especiales, comuníquese con este Departamento antes de las fechas de las audiencias, llamando al (916) 445-4728. Si necesita un intérprete o servicios especiales, indíquese al Departamento dentro de los cinco días laborables antes de la audiencia, para facilitar el pedido.

Se ha determinado que esta propuesta está EXENTA de CEQA (Sección del Código 21080.10(b), de los Recursos Públicos) y CATEGÓRICAMENTE EXCLUIDA de NEPA (Título 24, Código de Reglamentaciones Federales 50.20(o)(2)).